



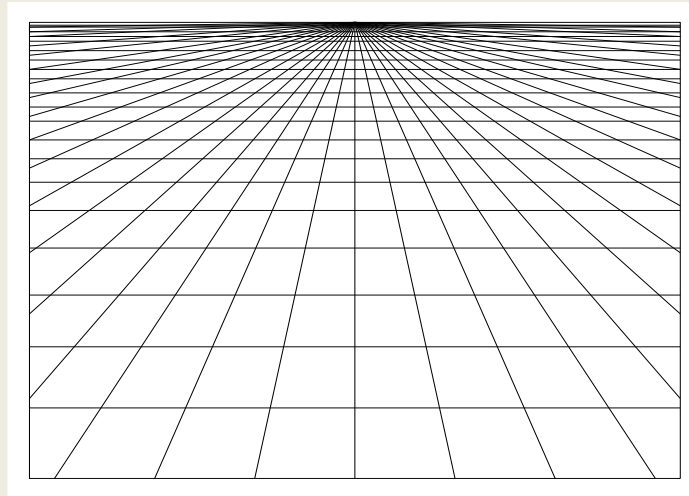
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**Politics in the Making**

From national green taxes to a global clearing-house

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Science and Politics in Controversies on Nature

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## Preface

Milestones are placed along the road to provide reference points reassuring the traveller that the right path is being followed. Gaining knowledge often resembles a journey and on this journey, I am the traveller in search of knowledge. This Master of Arts is my milestone, and while working on my thesis I have found myself asking: how do we organize our complex societies? This broad question is at the core of social development. Society, science and technology are three intertwined forces that may create progress, innovation and new realities and challenge existing ideas of power structures. To study politics is to study progress. This is a study of politics in the making. The point of departure is the archival records at the Norwegian Ministry of Finance.

I am grateful to a number of people and institutions for their help in completing this thesis. I would like to thank the Ministry of Finance for opening their archives, Jorunn Bødtker, Deputy Director General of the Ministry of Finance, and Einar Lie, Professor of Economic History at the University of Oslo. I am grateful for the discussions, authoritative guidance and enthusiastic feedback from my supervisor, Professor Kristin Asdal. My friend of heart in life; I am grateful for your patience and love. Eline, my curious little one – stay that way forever. Mom, you inspire me. I dedicate this work to my late mother in law for her encouragement and support.

## Abstract

This thesis is a *document study* and an analysis of *archival records* at an institution key to the development of environmental policy in Norway. It is through a *historical perspective* that I enter the Norwegian Ministry of Finance. The time period investigated are the few years from 1989-1992. These years are fundamental in environmental politics in Norway. The point of departure is the promising use of financial instruments, such as green taxes, in environmental policy. The realization of the impact on Norwegian economy in case of an international climate agreement leads to the production of a new level of politics within the national environmental politics. The international level was established within the national level. I will argue this was done as a solution to the underlying controversy between conflicting economic and environmental goals. In order to do this political practice is studied by using theoretical resources from *science studies*, *controversy studies* and the *concept of closure*. I have chosen several cases that I find characteristic to illustrate the process from a focus on national green taxes to the suggestion of a global clearing house as a solution.

Keywords: controversy studies, science studies, closure, nature, politics

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# 1. Introduction and rationale

The World Commission on Environment and Development (WCED) was established as a result of General Assembly Resolution 38/161 in 1983.<sup>1</sup> In the words of Gro Harlem Brundtland, Chairman of the Commission, "a global agenda for change" was what the Commission had been charged with formulating.<sup>2</sup> The overall task of the mandate was to propose long-term environmental strategies to achieve sustainable development by the year 2000 and beyond. The result of this work is best known in Norway as "Brundtlandkommissjonen", the World Commission's Report of 1987; *Our Common Future*. It placed global warming on the global agenda.<sup>3</sup> Carbon dioxide (CO<sub>2</sub>) produced by combusting fossil fuels was pinpointed and given a salient role due to its contribution to global warming.<sup>4</sup> Other climate gases are mentioned in the World Commission's report, but CO<sub>2</sub> came to be regarded as the main threat causing global warming. In accordance with recommendations in *Our Common Future*, the UN decided to organize a global conference to develop a universal declaration and convention on sustainable development, the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992.<sup>5</sup> These events constitute the external frames of this thesis.

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<sup>1</sup> WCED 1987 p. 352.

<sup>2</sup> Ibid. p. ix Chairman's foreword by Gro Harlem Brundtland.

<sup>3</sup> Nilsen 2001 p. 95.

<sup>4</sup> WCED 1987 p. 172.

<sup>5</sup> At the UNCED in Rio de Janeiro in 1992, three international treaties were showcased; The Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD), and the United Nations Convention to Combat Desertification (UNCCD). These treaties have been known since as the Rio Conventions (UNFCCC 2009). I will use the term "Rio Conventions" when referring to the UNCED in the following.

This thesis investigates how the World Commission's report was reflected upon in terms of national environmental challenges in Norway. The Norwegian Government endorsed the report, but how did following up the World Commission's recommendations influence national strategies? The international aspect became more prominent in Norwegian politics before the conference, not by transferring national politics into international politics, but by incorporating international politics into national Norwegian policies.

The point of departure for this thesis comprises archival records at the Ministry of Finance.<sup>6</sup> This thesis investigates the time period when national financial instruments, such as green taxes, seemed to be a promising means in environmental politics. Nevertheless, a change in policy leads way for the international environmental politics to become more visible within national environmental politics. National financial instruments, such as green taxes are replaced with ideas and instruments suitable for global co-operation and global politics. In which ways did the Ministry of Finance take part in developing this environmental policy? The structure of the analysis reflects two lines that characterize Norwegian environmental politics in the period 1989-1992. Accordingly, this is a chronological narrative starting in 1989 and involving national assessments of financial instruments in environmental politics, and it develops through a period of transition when an international focus was emerging and Norwegian environmental politics had to find a solution to meet both international and national expectations in environmental politics. The scope of this thesis ends in 1992 with the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro the same year.

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<sup>6</sup> The Ministry of Finance was named the Ministry of Finance and Customs until 01.01.2000. I have chosen to use the current name of the ministry in this thesis.



## 1.1 Framing national environmental politics

When studying such a process within environmental politics, it would be easy to approach the area by studying actors that are obviously close to the issue. Examples of milieux possessing environmental knowledge are the Ministry of the Environment, public-research institutes possessing climate expertise or environmental movements, as far as both politics and environmental issues are concerned. But is this an all too obvious point of entry?

It is the Ministry of Finance, in fact, that has been fundamental in shaping Norwegian environmental politics both as institution per se and as an institution possessing human capital in the form of economic expertise. The ministry is the key fiscal policy agent and is responsible, among other things, for preparing the annual Central Government Budget Proposal. At the same time, it has a consultative and coordinating function in relation to the other sector ministries' budgetary work. Due to its two-fold role, the ministry holds *institutional power* while being a supra-ministry above the others.<sup>7</sup> Not just the institution itself was influential: economists and the economics they practised at the ministry could bring special influence to bear. The expertise of and at the ministry has enjoyed, and still enjoys, recognition and trust in developing modern societal structures.<sup>8</sup> Such intertwined professional and institutional frames came to shape the climate politics of the initial years of the 1990s. The Ministry of Finance has earlier been key to the process of creating environmental policy. Viewed from within, what role did the ministry hold in this process?

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<sup>7</sup> Asdal 1998 pp. 10-12, 181.

<sup>8</sup> In Yngve Nilsen's PhD thesis, his main theme is the interaction of expert knowledge and politics within Norwegian climate research and climate politics from the 1970s up to 1998 with an emphasis on the late 1980s and 1990s (Nilsen 2001).

Financial instruments began to be employed in environmental politics in the late 1980s, and in 1989 these instruments were established in political rhetoric. A comprehensive study was conducted by Statistics Norway (SSB) to shed light on environmental political goals while sustaining economic growth. The SIMEN project directly followed up the World Commission's report.<sup>9</sup> The recommendation of the SIMEN report was a radical change in the system of taxes and charges. The report concluded that it would be possible to reduce CO<sub>2</sub> emissions to their level in 1987 by the year 2000. This is the background framing Norwegian environmental politics in 1989. Financial instruments seem the solution to environmental challenges.<sup>10</sup> The scope of SIMEN was national, and the timeframe was up to the year 2000.

In the end of the 1980s climate politics was just beginning to be a broad topic in politics. The Norwegian Government wanted to integrate environmental politics with economic politics in line with the recommendations of the World Commission.<sup>11</sup> Environmental taxes seemed promising; indeed, they are mentioned as part of the "solution" to environmental challenges in the SIMEN report, in the Government's Long-Term Programme 1990-1993, and in the white paper on the way in which Norway should follow up the World Commission's recommendations. But, practical politics was hard to reach. This is the background for my study. Nevertheless, as early as the Long-Term Programme, it is

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<sup>9</sup> SIMEN is a Norwegian acronym for "Studier av Industri, Miljø og Energi"; i.e. "Studies of Industry, Environment and Energy" (SSB 1989 p. 1).

<sup>10</sup> In Marit Reitan's PhD thesis one of her areas of investigation is financial instruments, the introduction of CO<sub>2</sub> taxation. Reitan's thesis is a comparative study of the environmental politics in the 1970s and between 1989-1996 (Reitan 1998).

<sup>11</sup> St. meld. nr. 4 (1988-89) pp. 22-23.

clear that there were conflicting goals between environmental and economic ambitions.<sup>12</sup> In the white paper pertaining to Norway's follow-up of the World Commission's recommendations, the ambition to reduce emissions was considerably lower than what was suggested as possible by the SIMEN report.<sup>13</sup> I am analyzing this specific process of politics and the production of another solution to environmental challenges than environmental taxes that were the most prominent solutions at the time.

Viewed in retrospect, in 1992 Norway had established an international climate policy. The wide use of environmental taxes was crumbling; "Norway's international view" had taken a hold.<sup>14</sup> In 1992, Norway was about to renounce its ambitious climate goal to stabilize CO<sub>2</sub> emissions to their level in 1989 by the year 2000.<sup>15</sup> These are important events. Within Norwegian environmental politics, the period of the few years from 1989 to 1992 is key to the country's development of climate politics. To understand what happened in this relatively short period, a knowledge of the 1970 and 1980s debate on administration of natural resources is of importance.<sup>16</sup>

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<sup>12</sup> PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra SSB til str Fd 02.01.1989; PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra Norges Bank til str Fd 29.12.1988; PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, telefax fra Moe og Andersen til PA 28.12.1988.

<sup>13</sup> St. meld. nr. 46 (1988-89) pp. 10, 58.

<sup>14</sup> I have put "Norway's international view" in inverted commas to underline the development of a phenomenon known in the literature as "Norges syn". In the following I shall use "Norway's view" when I refer to the formation and development of Norway's international climate policy.

<sup>15</sup> In the summer of 1989, the Storting agreed upon a national goal of stabilizing CO<sub>2</sub>-emissions. In NOU 1992:3, the Government was recommended to drop this ambition (NOU 1992:3 pp. 17-18).

<sup>16</sup> Kristin Asdal uses the term "scarce resources", "*Knappe ressurser; Økonomenes grep om miljøfeltet*", as title on her book on Norwegian environmental politics, economists and natural resources in 1970s and 1980s (Asdal 1998).

## 1.2 Avoiding conflict by producing a new level

The international political community's interest in environmental issues was growing. The appointment of the World Commission and the UN's decision to organize a global conference on sustainable development are just two examples. This emerging international interest in the environment originated in established international institutions such as the UN, the OECD and the EU. However, national Norwegian environmental policy became open and unclear during this process. Ambitious goals were set to achieve national environmental goals while an awareness increased of the economic repercussions of an international climate agreement, especially concerning the future value of Norwegian petroleum.

The World Commission underlined CO<sub>2</sub> as the main climate gas contributing to global warming, while the UNCED aimed for an international agreement concerning reductions of the combustion of fossil fuels. Norway had large emissions of CO<sub>2</sub> annually due to petroleum production: at the same time, the country had a very ambitious goal to stabilize its CO<sub>2</sub>-emissions. A high degree of uncertainty characterized environmental politics at this point in time. How was the international to be reflected in national environmental politics in Norway?

What I will demonstrate is that in this process there was an underlying controversy that never really broke the surface reflected in the conflicting goals between economic and environmental ambitions. The Ministry of Finance has traditionally treated economic growth and environmental protection as independent of each other. The controversy lies in administering both growth and protection. The solution that gained a salient role is the production of an international focus in national environmental politics. The national level did not disappear; rather, the international level was made within the national. The latent

controversy never breaks to the surface: it is handled internally in the ministries. National environmental politics are made governable at an international level; this can be described as a process involving one area of politics closing, while another opens. At the same time, open conflict is avoided. Later in the thesis I will attend to this point in my analysis of the process. The positioning that took place in order for the nation to get the best out of an international climate agreement did not become the main focus until later.

Politics in the making, as the title of this thesis suggests, underlines the approach of this study.<sup>17</sup> Political practices are studied closely and directly. I have chosen to explore the Ministry of Finance, though not necessarily as one united unit. Rather, individual departments within the ministry and individuals to some extent contributed to the formation of climate politics. Stories have been selected so as to be able to perceive a spectrum of the differing ideas and realities found within the Ministry of Finance and, to a certain extent, within other sector ministries as well.

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<sup>17</sup> Here I draw on the expression made famous in STS literature by Bruno Latour's (1987) book, *Science in Action*.

## 2. Theoretical resources and methodology

Entering the realm of politics necessitates an interest in and ambition to understand how issues are formed and come into being. It is not party-political programmes I wish to emphasize, but how the technologies of economics work to produce politics and the formation of political issues. The theories I briefly outline below are resources to lean on. Although we may know the outcome, how can we understand the process that brought us there? As Donald MacKenzie and Judy Wajcman have so succinctly put it when they announced their aim in their fundamental book within Science and Technology Studies (STS): “Our question is, what shapes the technology in the first place, before it has ‘effects’?”<sup>18</sup> This implies looking at the technological processes in progress before they have ended or been black-boxed.<sup>19</sup> I have chosen to follow the same strategy in investigating politics in the making. There was an open, unsolved situation in environmental politics at the beginning of the end of the 1980s and beginning of the 1990s. Conflicting goals within economic and environmental politics contributed to this situation. Although different

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<sup>18</sup> Asdal, Brenna and Moser referring to MacKenzie, Donald and Judy Wajcman (1985) *The Social Shaping of Technology; how the refrigerator got its hum*. (Asdal, Brenna, Moser 2007 b p. 20). For a further reading of the confrontation with technological determinism: MacKenzie, Donald and Judy Wajcman (1985) *The Social Shaping of Technology; how the refrigerator got its hum*. Milton Keynes : Open University Press, and Bijker, Wiebe E., Thomas Hughes and Trevor Pinch (1987). *The Social Construction of Technological Systems new directions in the sociology and history of technology*. Cambridge, Mass. : MIT Press.

<sup>19</sup> Black box is a term describing a fact or an artifact as “inevitable”, as something taken for granted. To be able to investigate how consensus occurs, we need to open the black box to reveal its inner workings. Further reading in Pinch, Trevor J. and Wiebe E. Bijker (1987) in *The Social Construction of Facts and Artifacts: Or how the Sociology of Science and the Sociology of Technology Might Benefit Each Other* in Bijker, W. E., Hughes, T. P. and Pinch, T.; *The Social Construction of Technological Systems. New Directions in the Sociology and History of Technology*. Cambridge, Mass. : MIT Press.

alternatives did appear to solve this dilemma, the solution did not emerge at once. At one point, one specific solution became salient, the era of an uncertain and open situation closed. The emergence of an international focus within national environmental politics stabilized the situation. Although the situation stabilized, it was difficult to re-open. The moment of closure had passed and there was a new regime or new focus in environmental politics. I have paid special attention to *controversy* and controversial stages in the process of producing new administrative politics.<sup>20</sup>

In controversy studies, specific empirical studies are at the core of knowledge. This specific controversy, however, never reaches surface, but is instead avoided and bypassed by establishing the international level within the national one. The focus shifted and the arguments associated with the national ambitions, goals and reasoning fell away due to international concerns. This specific process was handled internally at the Ministry of Finance in an internal ministerial process. My approach, to be able to open up and investigate this matter, consists of studying internal processes within the ministries with the archives at the Ministry of Finance as the primary source of data. Although this thesis has been narrowed down to focus specifically on the archives of the ministry, the material indicates that other ministries also took part in influencing the development.

This thesis can be read as part of the new direction in science studies away from science internal studies, towards an "outwards" approach involving *empirical studies of*

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<sup>20</sup> For a further reading of controversy studies: T. Brante, Thomas, S. Fuller and W. Lynch (Eds.), *Controversial Science. From Content to Contention*. New York : State University of New York Press and Sundqvist, Gøran (1991). *Vetenskapen och miljöproblemen – en expertsociologisk studie*. Department of Sociology, University of Gothenburg.

*politics*.<sup>21</sup> I borrow resources from constructivist studies to explain politics as a *process of closure* of an area of discourse. Economic politics can help shape environmental issues and environmental politics as a whole. But how can nature be made governable by economic reasoning? Through numbers and measurability, nature is made governable by becoming a part of economic politics. Therefore, the object of study is how economic politics contributes to shaping environmental issues and environmental politics. In the following, I outline the theoretical concepts and resources I rely on in analyzing the empirical material. Due to the complexity of the material, the theories are not explicitly treated in the analysis: they are the basis for understanding the material within an STS approach.

## 2.1 An empirical study of politics in practice

Using the image of a funnel as a metaphor, I place this thesis within the field of Science and Technology Studies (STS) and, further, within constructivist studies. Inspired by Thomas Kuhn, the sociologists of science were determined to show empirically what Kuhn had suggested conceptually: that knowledge-making was a social process.<sup>22</sup> This marked a turning point: instead of science being regarded as rational, a shift took place towards science being regarded as socially constructed. Ethnomethodology became an inspiration for science studies and especially Laboratory Studies.<sup>23</sup> The latter emphasized empirical studies

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<sup>21</sup> Asdal 2004 pp.11-14 and Marres, Noortje (2007). *The Issues Deserve More Credit: Pragmatist Contributions to the study of Public Involvement in Controversy*. Social Studies of Science 2007; 37/5 pp. 759-780.

<sup>22</sup> Thomas S. Kuhn revolutionized the way we think about relations between society, science and technology. With his book, he is often viewed as one of the founders of Science and Technology Studies (STS). Kuhn, Thomas S. (1962). *The structure of scientific revolutions*. Chicago : University of Chicago Press.

<sup>23</sup> Ethnomethodology: the study of the way people make sense of their everyday lives, meaning there is no a priori: the social order is something always under construction (Asdal, Brenna, Moser 2007 p.



of scientific *practice* with the laboratory as an area of research.<sup>24</sup> In investigating the content of politics, I draw on methods used in science studies to explore directly the archival material, whilst I retain an open mind with the aim of understanding the actors involved in the process of (climate) politics in the making. To be able to make use of the theoretical resources stemming from science studies, viewing the term *technology* in a broad perspective is fundamental. In politics there is professional expertise, especially within the Ministry of Finance which is explicitly responsible for state finances and with economists highly represented as senior civil-servants. Politicians lean on science in decision-making, and in this way one might say that politics is partly technical. Economic knowledge is technical knowledge. One could say that at the Ministry of Finance, economics is both science and technology. Public administration is an area of, if not independent, then great political importance due to professional knowledge and expertise within the ministries.<sup>25</sup> Experts are linked to policy and politics, but with their base in science.<sup>26</sup> It is not my intention to argue that expert knowledge is an attempt to enforce a technocracy; it is more an attempt to understand how this specific knowledge contributes to the development of politics and areas of administration. In any profession, knowledge has both a tacit and an explicit form.<sup>27</sup> The idea of tacit knowledge can be linked to the philosopher Michael Polanyi who

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14, and Encyclopædia Britannica 2009). For further readings of Laboratory Studies, see: Latour, Bruno and Steve Woolgar (1979). *Laboratory Life: The Construction of Scientific Facts*. Princeton: Princeton University Press, and Latour, Bruno (1987). *Science in Action; How to Follow Scientists and Engineers through society*. Milton Keynes : Open University Press.

<sup>24</sup> Asdal, Brenna and Moser 2007 p. 14.

<sup>25</sup> Asdal 2004 p. 15.

<sup>26</sup> Brante 1993 pp. 181-182.

<sup>27</sup> Nonaka 1991 p. 98; Asdal refer to tacit knowledge in Asdal 1998 pp. 16-17.

has said: "we can know more than we can tell".<sup>28</sup> Practices and studying actors' practices are fundamental in science studies. Therefore, in studying economic politics it is crucial to understand the specific ways economic reasoning is done in practice.

### **2.1.1 Studies of controversy**

Political decision-making is partly based on expert knowledge from science. The expert knowledge is, in this case, economic reasoning and economic knowledge traditions. Within STS controversy studies is understood as an attempt to open up agendas hidden to the world, and understand how arguments are built up.<sup>29</sup> There are no neatly opposing sides in this controversy, as one may expect. The ministry's dilemma was to find a solution that balanced Norwegian national environmental efforts while ensuring good industrial frameworks and secure the future wealth potential that lies in oil and gas. In the SIMEN project this was proven possible within national environmental politics. Nevertheless, a new strategy was developed due to the emerging focus on and expectations of a forthcoming international climate agreement aiming at reducing the combustion of fossil fuels. By producing an international level in Norwegian environmental politics, it was possible to avoid dispute and confrontation. I will argue that the international level became a way of handling the national level. There was generally a high degree of consensus vis-à-vis the reduction of CO<sub>2</sub>-emissions. The goals of politicians, environmental movements, industry and, to a certain extent, economists, all seemed to pull towards the same goal of environmental

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<sup>28</sup> Polanyi 2000 p. 16.

<sup>29</sup> Brante 1993 p. 186, and n. No. 20.

sustainability.<sup>30</sup> But in this story one of the actors, the economists within the Ministry of Finance, take part in altering the outcome by the way they practice their theoretical reasoning. The controversy becomes an internal controversy within the ministry, handled within the ministry: it rarely reaches the surface. When international climate agreements were being negotiated, the concern was still national, but the policy level was international. It was not just levels that were being created, but the content of the levels were given priority in the process of climate politics. Norwegian environmental politics became international. But with which tools and technology?

Economists, like other “scientists”, need to convince the appropriate people of their claims, and therefore rhetoric mediates actions such as work practices between the reader and the material world.<sup>31</sup> It is just within the archival records at the Ministry of Finance it is possible to *do* a study of arguments, discussions and disagreements internally in the ministry in the latent controversy in this matter. The open, unsolved situation that gradually closes in on one solution, the production of an international level, can be understood, I argue, by applying methods of controversy studies. Access to this material is unique, and STS theoretical resources on controversy studies seem an appropriate way to understand how the issue emerges, develops and closes.<sup>32</sup>

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<sup>30</sup> Callon 2007/1986 has provided a theoretical framework in his article on scallops in the St. Brieuc Bay called *sociology of translation*. One main point is how the different goals of the entities all pull in the same direction (Callon 2007 pp. 59-65).

<sup>31</sup> Sismondo discusses controversies and rhetoric as a tool of persuasion in controversy (Sismondo 2004 pp. 100-103).

<sup>32</sup> Brante 1993 p. 179.

### 2.1.2 Closure by redefining the focus

Environmental policy develops in part from a concern for pollution challenges faced nationally. With which arguments and reasoning is one level prioritized over another? Economic expertise agreed that the consequences of an international agreement were nonetheless prioritized, within the context of a concern for national interests. The discourse of environmental taxes thus closes. “Closure in technology involves stabilization of an artifact and the disappearance of problems”, Bijker argue.<sup>33</sup> In this way it is the closure of a debate when it “closes” on one solution and erodes other arguments on other possible solutions. The concern for an environmental policy within the borders of Norway expanded; though the concern remained national, the environmental policy became global. There was no definitive moment of closure in the case of environmental taxes. Moreover, there was a sliding transition in focus in public practice and administration. Even in the Government’s Long-Term Programme, there were clearly conflicting goals in terms of environmental and economic politics. Was this a point at which closure started? Bijker has promoted a development of closure, the concept of stabilizing, involving several technologies living in symbioses side by side.<sup>34</sup> The interpretation of one discussion, the international one, predominates and the debate closes – closure.

This was not just the closure of an area of discourse: the discourse closed in on one solution. The controversial change in the taxation system to meet national environmental challenges was no longer a priority. The solution to environmental challenges was no longer financial instruments at a national level. By redefining what the main challenge in national

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<sup>33</sup> Bijker and Pinch 1987 p. 44.

<sup>34</sup> Ibid. pp. 44-46, and Bijker’s lecture given at the TIK centre, 08.09.2008.

environmental politics was, and by establishing an international level within the national level, the debate was stabilized. The act of closure was effectuated by a redefinition of priorities.<sup>35</sup>

## 2.2 Methodology

I was fortunate enough to have access to unique records which shed light on environmental politics. But how is this material to be ordered, structured and made relevant? This *document study* is an analysis of *archival records* at an institution key to the development of environmental policy in post-war Norway. It is through a *historical perspective* that I enter the Norwegian Ministry of Finance. However, designing a research project with the ambition of presenting a more complete description of environmental politics is too broad: narrowing down the research to explore policy practices seems more appropriate. There are environmental taxes that were once expected to be a part of the solution to environmental challenges, but which, viewed in retrospect, did not become a part of the solution either nationally or internationally. The latent controversy is the process I want to reveal. To open the black box of political processes may help understand how new realities are created.

### 2.2.1 Research design.

This is a qualitative research project. The design of the research is supposed to ensure that the empirical data answer the research question. At first, the research is more “open” initially and more specific units of analysis appear in the material when exploring it: patterns appear. As this is a historical study, the actors, actions and issues need to be traced over time to be

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<sup>35</sup> Bijker and Pinch 1987. pp. 45-46.

interpreted by the analyst.<sup>36</sup> An explanatory design is applied using the interpretation of historical material as a method of understanding. New events will not be added to the area of research, but through research and working with the material, new understandings may emerge.

### **2.2.2 Operationalization**

Transcribing all the archival material would not seem particularly fruitful. Nevertheless, there is a high degree of detail in the analysis and the space to this is deliberately used. The reason for this is the complexity in the material. The narrative is a chronological exposition. This study is an empirical study of politics in practice. Reading primary sources directly and thoroughly, and developing my own interpretation of the process. In reading through, interpreting and retelling the stories that appear in the material, there are several characteristics of documentary and textual analysis to be aware of.<sup>37</sup> I argue this is a process of closure, and by studying the process closely, the material becomes easier to grasp. The transition in environmental politics from a focus on national financial instruments to the establishment of an international level, making the issue governable, opens up and becomes possible to see.

Archival documents are chosen to be archived due to administrative factors or social conditions, meaning someone wanted the document to be kept. Documents are always written in a context, directed to an audience, so a historical document cannot be read without knowing its historical context. These are circumstances that the investigator has to keep in

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<sup>36</sup> Yin 2009 p. 9.

<sup>37</sup> Punch 2005 pp. 226-228.

mind, but at the same time texts and documents are rich in data possessing great potential.<sup>38</sup>

Using a set of a few selected cases, I build the analysis chronologically to follow the ways in which the issues develop. At the same time, the cases build on one another and draw together information to form a fuller picture. The analysis is undertaken in chapter 3 by virtue of the issues and cases chosen, and in chapter 4 the threads and loose ends are tied together to form a conclusion. The thesis has been organized thus due to the complexity of the material and to ease the accessibility of the material for the reader (as well as the author).

### **2.2.3 Collecting data**

The thorough archival search that has been carried out has resulted in rich material. At the same time it has a size that demands time and space to justify the broadness in the material; space to understand and find patterns on how issues come into being environmental politics. The stories in this study are a few of the many stories that were found in the data material. A reflected and thorough selection was made in order to illustrate the characteristics of the period of study. I have gone through material that sheds light on the matter, especially from in the archives of the Budget Department, the Planning Department and the Department of indirect taxation and customs at the Ministry of Finance.

### **2.2.4 Other sources and literature**

The documentation contains several types of sources such as news clippings, other social scientific studies, the database A-text, reports and biographical material. Previous research has been conducted by social scientists such as Einar Lie, Kristin Asdal, Yngve Nilsen and Marit Reitan. Lie shows how social-economists became shaped by the institution they

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<sup>38</sup> Punch 2005 p. 228.

entered during the initial decades after World War II, but at the same time they themselves shaped the ministry's role through social-economic aspects and approaches.<sup>39</sup> While Lie ends his scope of analysis in 1965, Kristin Asdal sheds light on the period between Lie and this analytical study by investigating the 1970s and early 1980s.<sup>40</sup> Yngve Nilsen's doctoral thesis on expert knowledge and politics within Norwegian CO<sub>2</sub> policy during the late eighties and nineties is a historical study I also draw on.<sup>41</sup> In her doctoral thesis published in 1998 in political science, Marit Reitan has analyzed CO<sub>2</sub> taxation in relation to industry in the period 1989-96.<sup>42</sup> She writes that CO<sub>2</sub> taxation is one of the most controversial instruments ever introduced in Norwegian environmental politics. Her main sources are white papers, public documents and interviews with industrial actors and representatives of the research-institute sector and the Ministry of the Environment. Her findings in relation to the use of CO<sub>2</sub> taxation and the principle of cost-effectiveness show that such taxation has not been developed cost-efficiently, but rather adapted to the shifting trends in the economy and employment situation. Gro Harlem Brundtland's autobiography is, though biased, a biographical source of the events occurring during her period as Minister of the Environment and later Prime Minister of Norway. There is also a host of official documents regarding the introduction of CO<sub>2</sub> taxation and the stabilization of CO<sub>2</sub> emissions in Norway. The documents I refer to include the white paper St.mld. nr. 46 (1988-89), reports from the SIMEN project, the KLØKT project and the official Norwegian report, NOU 1992:3. I will introduce these basic documents more thoroughly during the analysis. The

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<sup>39</sup> Lie 1995.

<sup>40</sup> Asdal 1998.

<sup>41</sup> Nilsen 2001.

<sup>42</sup> Reitan 1998.



advantage of political history is the amount of and access to various documentation which can be gleaned; the archives provide broad and rich material in addition to what is already known. This thesis is unique in the way it uses archival documents at the Ministry of Finance as its basis for analyzing the period 1989-1992. This material has not been made use of in earlier works in the field.

## 2.3 The trouble with nature

Politics is about change. The national goal of stabilizing CO<sub>2</sub>-emissions can be looked upon as a way of making the national emissions of CO<sub>2</sub> governable. This entity of nature was quantified as a numeric goal; the maximum release of CO<sub>2</sub>-emissions in the year 2000 should be equal to the quantity of emissions released in 1989: it was made measurable.

When the international negotiations towards an international climate agreement were closing in, the Norwegian proposal consisted of a system of trading CO<sub>2</sub>-quotas. Again, nature was made measurable, but this time globally. With the employment of which knowledge or technology would this be possible? This thesis is part of a long tradition within Science and Technology Studies which studies the dimensions of nature and culture, nature and society.<sup>43</sup>

In environmental policy, I find it paradoxical that it is with financial reasoning that the environment was measured and given priority. Another level is by way of accounting; CO<sub>2</sub> becomes quantifiable, negotiable and tradable in a system of CO<sub>2</sub> quotas. By giving “nature” financial calculations in a cost-efficient view, nature is translated into a palpable quantity. Cronon introduces an ethics of Middle Ground. In this way he overcomes the dimension of nature and culture by proposing a use/non-use politics: only then can we “...get on with the

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<sup>43</sup> To mention but some, Ulrich Beck, Bruno Latour, Donna Haraway and William Cronon all attempt to overcome the “great divide”, but somehow in different ways.

unending task of struggling to live rightly in the world – not just in the garden, not just in the wilderness, but in the home that encompasses them both”.<sup>44</sup> The trouble with nature, as the subtitle of this section is called is literally a point of entry to be able to say something, - anything, about society, science and politics. Nature is not the starting point, but rather the endpoint; “...an effect of various technical and scientific interventions”.<sup>45</sup> If this is so, then science and technology are no longer linked to power and control in politics (read: technocracy), but rather creative forces linked to the formation of objects, issues and work practices.<sup>46</sup>

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<sup>44</sup> Cronon 1995 p. 20.

<sup>45</sup> Asdal 2007 p. 309.

<sup>46</sup> Asdal 2007 with reference to Andrew Barry, *Political Machines. Governing a technological society*. The Athlone Press. London and New York 2001.

### 3. Analysis

The analytical presentation in this section is ordered chronologically. The structure of the analysis reflects two characteristic features that distinguished environmental politics in the period 1989-1992; throughout the period, a concern for national environmental policies and the nation's best interests predominates politically speaking. In the first part of the period, commencing in 1989, engagement in environmental politics is salient. The focus is national and the financial instruments are used in a national context. The analysis starts with a small, though important, investigation conducted by a special working group within the Ministry of Finance. The group's work is reflected in the Long-Term Programme, which emerged later, and the Environmental Tax Committee.<sup>47</sup> This small-scale, internal investigation reveals internal differences regarding economic reasoning and a focus on national and international environmental politics. The Environmental Tax Committee functioned during the period of time covered by the scope of this thesis. The Committee's work took place in two phases: the first is its specific work to provide input for the 1991 budget on specific financial instruments; in the second phase, the Committee's work shifts, its membership changes and it incorporates international considerations into its work to provide a foundation for decision-making within environmental politics in the 1990s. There was an uncertain situation in environmental politics from 1989 to mid-1991. The Long-Term Programme for 1990-1993 shows conflicting goals concerning economic and environmental politics. These conflicting goals are viewed as challenges that need a solution, a different policy. The solution to this became the production and establishment of a new level: the international level within the national. This process forms the second part of this analysis and I shall return to this later in

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<sup>47</sup> The Environmental Tax Committee is known in Norwegian as "Miljøavgiftsutvalget", see NOU 1992:3 for further reading.

the analysis. Throughout the analysis, quotes from the original archived documents are often employed. I have translated these as best I can: nevertheless, I would urge the Norwegian reader to view the original quotes in the appendix.

### 3.1 Part I: promising instruments, from dawn to dusk

Environmental taxes are not a new financial instrument in Norwegian environmental politics. Early in the 1970s, the Ministry of Finance started to involve itself in environmental politics. The ministry attempted to solve environmental challenges by quantifying them; by translating environmental challenges into market values.<sup>48</sup> Moreover, the costs of pollution would have to be paid by the polluter. At the beginning of the 1970s, the ministry attempted to develop environmental principles. The polluter-pays-principle (PPP) was supported internationally; indeed, the OECD decided on this principle in spring 1972. Within the ministry, three principles within environmental policy were established as foundations for further efforts: the polluter-pays-principle (PPP), the principle of using environmental taxes and the principle of cost efficiency.<sup>49</sup> Economists who joined the ministry changed the public administration of recourses. In addition, these economists became influenced by the institution at which they were employed. As this thesis will demonstrate economists and the Ministry of Finance played a salient role in developing environmental politics at the end of the 1980s/beginning of the 1990s. The use of financial instruments was given renewed attention after the World Commission on Environment and Development (WCED) published its report, *Our Common Future*, in 1987.

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<sup>48</sup> Asdal 1998 pp. 13-14.

<sup>49</sup> Reitan 1998 p. 110 refers to Asdal 1994 p. 67. Asdal's book, *Knappe ressurser. Økonomenes grep om miljøfeltet*, builds on her thesis from 1994.

From May 1988 to March 1989, Statistics Norway (SSB) carried out a thorough investigation to shed light on environmental political goals while sustaining economic growth. The investigation, known as the SIMEN project, directly followed up the World Commission's report.<sup>50</sup> The aim was to "...evaluate the possibilities for industrial growth towards the year 2000, under different restrictions on pollution and different assumptions on domestic energy supply".<sup>51</sup> More specifically, with the aim of stabilizing Norwegian CO<sub>2</sub> emissions the report discussed and suggested a substantial increase in the indirect taxation of petroleum products for heating and transportation compensated by a reduction in direct taxes on wage income. It is this principle, a shift in taxation from tax on income to tax on polluting products that would later come to be known as "green taxes".<sup>52</sup> A change in the tax and levies system, aiming to force consumer behaviour in benefit of the use of electricity, would lead to reductions in emissions and this could be performed by way of taxes – environmental taxes. The SIMEN report emphasized a CO<sub>2</sub> tax on all fossil fuels that were a source of CO<sub>2</sub> emissions. The SIMEN report also stated it would be possible to stabilize CO<sub>2</sub> at 1987 levels by the year 2000.<sup>53</sup> With this ambitious point of departure, CO<sub>2</sub> taxation on fossil fuels would help stabilize Norway's CO<sub>2</sub> emissions within the year 2000. Viewed in retrospect, however, there was no radical change in the system of taxes and levies in the initial years of the 1990s.

In autumn 1988, during the budget debate, the Storting asked the Government to draw up an overview and plan showing how environmental taxes could be incorporated into the overall

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<sup>50</sup> SSB 1989 p. 1.

<sup>51</sup> Ibid. p. 1 Preface.

<sup>52</sup> Nilsen 2001 p. 99.

<sup>53</sup> SSB 1989 pp.18-20.

environmental work.<sup>54</sup> This request was the direct cause of the establishment of the Environmental Tax Committee one year later, in December 1989.<sup>55</sup> Accordingly, this was also the background for the establishment of an internal working group at the Ministry of Finance. I will return to this group below. In 1989, environmental politics was national and the focus was on financial instruments. Politically, the environment was a hot issue. During the first half of 1989, several parallel projects in Norway focused on environmental policies in a national context. The SIMEN report, the Government's Long-Term Programme and the white paper concerning Norway's follow-up of the World Commission's report all show ambitious involvement in environmental politics.<sup>56</sup> With the aim of stabilizing CO<sub>2</sub>-emissions nationally, a radical change in taxes and levies was possible while maintaining Norway's economic growth.<sup>57</sup>

The white paper on Norway's follow-up of the World Commission was presented in March 1989.<sup>58</sup> The Brundtland Government confirmed a goal to stabilize CO<sub>2</sub>-emissions by the end of the 1990s.<sup>59</sup> The government did not state a year of reference, but rather wanted to stabilize emissions by 2000. The opposition parties in the Storting criticized the government for not being ambitious enough with reference to the recommendations in the World

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<sup>54</sup> NOU 1992:3 p. 38 refer to Budsjett-innst. S. I for 1988-89.

<sup>55</sup> Ibid. p. 38.

<sup>56</sup> All three official documents were presented in March and April 1989. The documents' full names are: SIMEN *Studies of Industry, Environment and Energy towards 2000*; St. meld. nr. 4 (1988-89) *Langtidsprogrammet 1990-1993*; St. meld. nr. 46 (1988-89) *Miljø og utvikling, Norges oppfølging av Verdenskomisjonens rapport*.

<sup>57</sup> It is this conclusion Statistics Norway (SSB) arrives at in the SIMEN project presented in March 1989 (SSB 1989).

<sup>58</sup> St. meld nr. 46 (1988.89)

<sup>59</sup> Ibid. p. 10.

Commission's report.<sup>60</sup> In the summer of 1989, a broad political movement to reduce emissions of CO<sub>2</sub> set a goal of stabilizing CO<sub>2</sub>-emissions. The Storting agreed on a national goal to stabilize CO<sub>2</sub>-emissions to their level in 1989 by the year 2000.<sup>61</sup> There was no cost-benefit analysis prior to setting the goal. Nor was it discussed that CO<sub>2</sub> does not harm the *local*, Norwegian environment, but rather contributes to *global* warming.

The parliamentary election in 1989 was called "the environmental election".<sup>62</sup> In the Syse Government's inaugural declaration, the new Government said: "...it will be especially important to contribute to an early start in the reductions of carbon dioxide".<sup>63</sup> The Government followed the previous government's budget: in other words, the proposal concerning two environmental taxes was maintained, as was an increase in taxes on mineral oil and a tax on diesel. The centre-left Government, that had wanted a more ambitious goal while debating stabilization in opposition just six months ago, introduced no further taxes to reduce emissions even when in power. The Storting agreed upon the budget and the two environmental taxes came into force on 01.01.1990.

The factors mentioned above establish the foundation and point of departure for national environmental politics in this thesis. In the following, I shall turn to specific cases, commencing with the small internal investigation into the increased use of environmental taxes at the Ministry of Finance.

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<sup>60</sup> Reitan 1998 p. 121.

<sup>61</sup> NOU 1992:3 p. 18.

<sup>62</sup> Reitan 1998 pp. 120-121, Nilsen 2001 pp. 106-107, Lie 2005 pp. 281-282.

<sup>63</sup> Reitan 1998 p. 123 refers to Tidene S. (1989-90), p. 2959.

### 3.1.1 The promising task of investigating the increased use of environmental taxes

At a meeting of the Planning Committee (UPL) at the Ministry of Finance, immediately after the budget debate during which the Storting had requested an overview and plan showing how to incorporate environmental taxes into the overall environmental work, the State Secretary said that, within the Ministry of Finance, an investigation must be initiated “aiming to shed light on and to what degree it is technically and professionally acceptable to use environmental taxes”.<sup>64</sup> The Working Group was to provide input concerning the increased use of environmental taxes in the ongoing work on the Long-Term Programme for 1990-1993 in a chapter called “Sustainable Development”. It was the Planning Department that responded to State Secretary Bjørn Skogstad Aamo’s inquiry.

After consultation with the other departments within the ministry, the Planning Department outlined four issues that seemed to need exploring.<sup>65</sup> In general, the four issues pertained to a restructuring of the taxation system within environmental policy, and the frame was national. First of all, with sustainable development as a premise, which products and input factors that were expected to be challenging would be investigated. Secondly, the Working Group should explore within which of these challenging areas, from a technical and professional point of view, increased taxes could be introduced. Thirdly, an assessment of the impact of different initiatives, especially the effects on the environment and *revenue on*

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<sup>64</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, brev fra PA til stsekr OP 2.12.88. Bjørn Skogstad Aamo was State Secretary at the Ministry of Finance from 1973 to 1979. UPL (Utvalg for Planlegging) does not have an English translation; I have used Planning Committee to indicate its function.

<sup>65</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, brev fra PA til stsekr OP 2.12.88.



*taxes*, and the costs of adopting these for industry and consumers, was requested.<sup>66</sup> Finally, a short qualitative discussion should be provided of the scale of the different initiatives if the taxation system were to be restructured.<sup>67</sup> The four issues outlined above do neither deal with the possibility for an international climate agreement, nor the consequences of such an agreement.<sup>68</sup> Moreover, at this point it was obvious that a solution to the environmental challenges lay in a restructuring of the taxation system. The ministry approached national environmental challenges framed within a national context.

Three of the issues outlined by the Working Group were later maintained in the mandate of the Environmental Tax Committee.<sup>69</sup> Nevertheless, the words chosen to underline the possible effects of an increase in the use of financial instruments in environmental politics were, to a certain degree, harsher in the mandate of the Committee. The challenges and the meaning of the mandate were the same in both initiatives. One rhetorical example appears when the Working Group looked into “*problematic* products and input factors” (Norwegian: “...innsatsfaktorer og produkter som kan være problematiske...”), while the Committee looks into the “*harmful* effects of products and production processes” (Norwegian: “...varer og produksjonsprosesser som har skadevirkninger...”). While the

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<sup>66</sup> A term widely used in the material discussing tax-related revenue is the Norwegian term “proveny”. “Proveny” means *revenue on taxes* (*avgiftsinntekter*) and relates to excise duties. An *excise duty* (særavgift) “...is a tax levied on the consumption of particular goods. These may be levied to raise government revenue, and are often levied at higher rates on goods whose consumption is believed to have adverse effects on public health, public order, or the environment” (Oxford Dictionary of Economics (2002). New York : Oxford University Press Inc.).

<sup>67</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, brev fra PA til stsekr OP 2.12.88.

<sup>68</sup> At this point, the first meeting of the Intergovernmental Panel on Climate Change (IPCC) subgroup was organized. Subgroup III, Response Strategies Working Group (RSWG), met in Washington in January 1989 (Miljøverndepartementet 1990 p. 97).

<sup>69</sup> NOU 1992:3 p. 38.

Committee looks into economic effects, especially “*effects on competition and distribution*” (Norwegian: “...konkurrenseeffekter og fordelingsvirkninger”), the Working Group looks into “*re-structuring costs* for industry and consumers” (Norwegian: “...omstillingskostnader for næringer og konsumenter”).<sup>70</sup> This last example shows that there was an expectation that the taxation system would be re-structured due to the use of the term *re-structuring costs*. The Committee investigated the effects of a *potential* change in taxes. Both these initiatives show that the focus in terms of developing practical economic policy was on a restructuring and change in the taxation system wholly within a national context. The two initiatives, that of the Working Group and the Committee, were interlinked, and originated from the same budget debate in autumn 1988, and a more or less identical problematization of the field emerged.

The Working Group at the Ministry of Finance was established in December 1988 and operated for a short period of time.<sup>71</sup> Its members were from the Ministry of Finance and consisted of the Department of indirect taxation and customs, the Planning Department and the Tax Policy Section.<sup>72</sup> In the following I will look into the work performed internally and the differing approaches to the task, especially by the Department of indirect taxation and customs and the Planning Department.

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<sup>70</sup> Phrases in inverted commas have been translated from the original documents by the author. Original quotes are in brackets. Original documents can be found in AT, arkivboks 574.00 1986-1989, arkivmappe 3519, brev fra PA til stsekr OP 2.12.88 and NOU 1992:3 p. 38.

<sup>71</sup> There is one note of a meeting apparent in the archival material. The group met on 20 December and the report was submitted January 3 1989. AT, arkivboks 574.00 1986-1989, arkivmappe 3519, brev fra PA til SØ, AT og FA JN 15/12.-1988.

<sup>72</sup> The individual members of the Working Group may be found in reference AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989. The Tax Policy Section is a section within the Economic Policy Department which later became an independent department.

### 3.1.2 A proposal from a lukewarm department

The Working Group submitted its report to State Secretary Aamo on 3 January 1989.<sup>73</sup>

Although it was a joint report, different positions in the Planning Department and the Department of indirect taxation and customs respectively emerge. In the Working Group, the Department of indirect taxation and customs was in general positive to environmental taxation as an instrument; they use pollution as an example of a negative externality where taxes may be a sufficient instrument.<sup>74</sup> The department stressed the importance of clarifying what the purpose of the change in the taxation system might be. An increase in environmental taxes could either imply an increase or a neutral effect on tax revenue, depending on the purpose of the taxation; either the purpose would have a neutral effect, and other taxes would be reduced to counteract the increase, or the purpose would be an increase in state income from revenue on taxes and this increase would be introduced without other adjustments in the taxation system.<sup>75</sup>

The Department of indirect taxation and customs seemed eager to emphasize the potential negative effects of the increased use of environmental taxes. In a passage marked with pencil in the margin, the department warned against diminished economic growth in Norway; "...high taxes introduced because of the environment, and which at the same time have an effect on several branches of industry, will have repercussions such as reduced

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<sup>73</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989.

<sup>74</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat fra Budsjettseksjonen i AT til arbeidsgruppen / 03.01.89.

<sup>75</sup> See n. No. 67.

economic growth in general as a result of low economic activity in society, price increases and a diminished ability to compete in international markets”.<sup>76</sup>

Between 1987 and 1989, the unemployment rate in Norway doubled within twelve months: indeed, concerns about this rising unemployment were on the political agenda for several years in the late 1980s/early 1990s.<sup>77</sup> The Department of indirect taxation and customs indicated *one* area within which environmental taxes would contribute to a reduction in the consumption of fossil fuels. The department stated: “...taxes as an instrument to manage energy consumption seem to be most effective in the case of households”.<sup>78</sup> Just this one was suggested by the Department of indirect taxation and customs. Price elasticity was higher for heating oil.<sup>79</sup> Due to high price elasticity, an introduction of environmental taxes was assumed to have fewer negative effects than in the case of low price elasticity. 38% of Norwegian households used, at the time, oil for heating, while 9% used coal, coke and wood. Consumption of energy by industry took the form of 22% oil and 23% from coal, coke and wood. Industry, whose energy sources stemmed less from oil, would be shielded from the tax. Reitan mentions a mobilization in industrial

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<sup>76</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat fra Budsjettseksjonen i AT til arbeidsgruppen HJG/MB/ 03.01.89.

<sup>77</sup> SSB 1993 p. 32.

<sup>78</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat fra Budsjettseksjonen i AT til arbeidsgruppen HJG/MB/ 03.01.89.

<sup>79</sup> *Price elasticity* means; “The ratio of a proportional change in quantity supplied or demanded to a proportional change in price”. (Oxford Dictionary of Economics (2002). New York : Oxford University Press Inc.). In Norwegian heating oil is translated to “fyringsolje”.

organizations affects the degree of environmental taxes in domestic power intensive industry.<sup>80</sup>

### 3.1.3 An attempt to explore new (political) ideas

The Planning Department took another approach in the Working Group, emphasizing future international climate agreements. Nevertheless, the department arrives at the same conclusion as the Department of indirect taxation and customs in suggesting environmental taxation on heating oil to reduce combustion of fossil fuels.

The Planning Department stand out as the only department in the Working Group that realizes the need for a reflection and a position in international environmental politics. The department mentions that the possibility for an international agreement on CO<sub>2</sub> emissions or energy consumption was being discussed at the time in international forums such as UNEP.<sup>81</sup> These discussions were unclear whether the aim of an international climate agreement would be to reduce CO<sub>2</sub> emissions or to reduce energy consumption. But whose position and attitude was it that was communicated? Was there an awareness among civil servants or politicians about the significance and consequences an international climate agreement might have for Norwegian interests? Thoughts were certainly dawning about this in the Planning Department.<sup>82</sup>

The department encouraged the effects of elements in an international agreement to be considered specifically, saying: "The exact wording of an international agreement on CO<sub>2</sub>

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<sup>80</sup> Reitan 1998 pp. 163-170.

<sup>81</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988. The Planning Department was later represented in the Environmental Tax Committee, the Interministerial Climate Group and the "idegruppe for internasjonale klimaavtaler".

<sup>82</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988.

or energy consumption may be of great importance...”.<sup>83</sup> In other international environmental agreements that Norway was party to, the form of the agreement consisted of equal percentage reductions in all countries party to the agreement. This concerns the NO<sub>x</sub>, SO<sub>2</sub> and Montreal agreements. The Department expressed another type of agreement than equal percentage reductions as a possibility for future agreements: ”... a CO<sub>2</sub> agreement that can be bound to emissions per capita would benefit Norway, rather than equal percentage reductions in all countries”.<sup>84</sup> Was this just the Planning Department expressing its ideas or were other actors also aware of a desired position for Norway? What we do know is that Norway later did not want equal percentage reductions in all countries, or an international climate agreement bound to emissions per capita. It seems as if there was no clear understanding at this point in time of differences in the nature of the emissions; NO<sub>x</sub>-emissions create local pollution, while CO<sub>2</sub>-emissions create global pollution in the form of global warming, independent of the location of CO<sub>2</sub>-emissions.

It was mentioned that Norway needed more energy than most OECD countries for heating. This argument was repeated in the early phase of the climate debate, but was dropped later. Generally speaking, the claim was that no matter the form of an international CO<sub>2</sub>-agreement, the agreement would adversely affect Norway’s competitiveness.<sup>85</sup> These meant that the Planning Department at the Ministry of Finance at this point in time were reflecting on the exact position they believed Norway should take towards an international environmental agreement and a CO<sub>2</sub>-agreement. In 1988, and later in the climate debate, the high use of renewable energy in Norway’s power supply was used as an argument explaining

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<sup>83</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988.

<sup>84</sup> Ibid.

<sup>85</sup> Ibid.

Norway's difficulty in swapping from fossil fuels in power production to renewables. On this basis, Nicolaisen claimed that other countries, with a higher degree of reliance on fossil fuels in their power supply, could more easily reduce their CO<sub>2</sub>-emissions by swapping over from coal to gas as the energy source in power production.<sup>86</sup> Later in climate politics, this argument, termed "gassargumentet", becomes salient due to Norway's natural gas deposits and gas exports to other European countries.

Concerning environmental taxation, the Department specifically suggests taxation on oil for household heating. As it was stated: "Heating households with oil can relatively easily be replaced with electricity"; and: "...emissions stemming from transportation can be difficult to influence due to high income elasticity and low price elasticity".<sup>87</sup> Again, household heating is proposed as an area suitable for introducing environmental taxes while industry, here the transport sector, is shielded due to considerations of price elasticity. The two departments agree on the use of taxes on oil for heating in households. But the Planning Department is more explicit in its consideration of a future international climate agreement and expresses explicit thoughts concerning how an international agreement could be designed.

The final report of the Working Group showed that the group regarded its mission as being a purely technical taxation matter to increase environmental taxes in Norway to reduce emissions nationally. This is in line with assessments in the Long-Term Programme of 1990-1993: the focus is on national efforts, and the Government states: "...it is only by a change in

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<sup>86</sup> This is an argument that Norway maintains later as well, as part of the Norwegian view.

<sup>87</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988. *Income elasticity of demand* means; "The ratio of proportional increase in quantity demanded to proportional increase in income, with all prices held constant". On *price elasticity*, see n. No. 80. (Oxford Dictionary of Economics (2002). New York : Oxford University Press Inc.).

politics in each country that sustainable development can be achieved. One must think globally, while acting locally”.<sup>88</sup> Accordingly, there was an inconsistency in the emphasis Nicolaisen of the Planning Department placed on a possible international CO<sub>2</sub> or energy-consumption agreement, and what the Department of indirect taxation and customs and the final report emphasized. Very little of the Planning Department’s position is visible in the final report; it seems as though the views of the Department of indirect taxation and customs predominated within the Working Group. The consequences of an international climate agreement involving CO<sub>2</sub>-reductions or energy reduction were not taken into consideration. The group focused on possible changes in the taxation system for fossil fuels. Nevertheless, CO<sub>2</sub>-emissions were not mentioned in the conclusion of the Working Group to the State Secretary.

Three specific environmental taxes to reduce the consumption of fossil fuels were suggested by the Working Group: a tax on petrol, a new tax on diesel (at the time, there was a tax on the amount on kilometres driven), and an extension of the tax on mineral oil. Several of the claims the Department of indirect taxation and customs put forward were reflected in the report. In addition to the three environmental taxes suggested, the Working Group arrived at three measures. First, they recommended an increase in taxes to guide households’ heating sources towards electricity. In relation to the Long-Term Programme, SSB, suggested the same proposals as did the internal working group; a shift in the sources of energy for household heating and an increase in the taxation of mineral oil used for transportation to achieve a stabilization of CO<sub>2</sub>-emissions by the year 2000. SSB commented that an increase in the price of heating oil to make industry *and* households use

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<sup>88</sup> St.meld. nr. 4 (1988-89) p. 2.



electricity for heating could be an instrument that contributed to achieving a stabilization of CO<sub>2</sub> emissions. It is interesting that SSB mentions both industry *and* households in their comment since other suggestions pertain only to households.<sup>89</sup> SSB also believed an increase in the taxation of transportation oils could slow the growth of motorized traffic to reduce CO<sub>2</sub> emissions.

The second recommendation was the need to clarify whether an increase in taxation should lead to an increase in state tax revenue or whether such taxation was supposed to have a neutral effect on state income. Thirdly, the Working Group warned against the possibility that "...taxes that deliberately or unintendedly affect trade may cause reactions and protests from our trading partners".<sup>90</sup> In this regard, the EU's internal market was mentioned. The Working Group concludes its report thus: "It is difficult to see that the tax changes at hand will not lead to a higher price on diesel. This will be particularly noticeable in the transport sector and in transportation-intensive, competition-sensitive industry in rural areas, for example in fish farming and in the furniture industry. In a case of distortion of competition between Norway and other countries, this will considerably affect the ability to compete in international markets".<sup>91</sup> Moreover, it was only within the area of households which used oil for heating that the Working Group wholeheartedly recommended environmental taxes. In general, the group was positive to the use of environmental taxes based on economic theoretical reasoning. Nevertheless, specific suggestions were scarce. In the Government's Long-Term Programme, it is possible to find some explanation for why

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<sup>89</sup> PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra SSB til str Fd 02.01.1989.

<sup>90</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989.

<sup>91</sup> Ibid.

environmental taxes were not broadly introduced despite the optimistic ambitions in SIMEN.

Even though the Programme supported environmental taxes, conflicting goals in environmental and economic politics also became evident.

## 3.2 Conflicting goals and underlying controversy

In the Planning Department's archives at the Ministry of Finance, there is an amount of documents including comments on the development of the Long-Term Programme for 1990-1993. The comments touch on potentially conflicting goals between environmental and economic policy. At this point in time, the white paper on Norway's follow-up of the World Commission had not yet been published and the Government had yet to officially formulate a goal to stabilize CO<sub>2</sub>-emissions.

In the Long-Term Programme, the Government signalized the use of taxes – environmental taxes – in national environmental politics.<sup>92</sup> The Government stated that it would "...continue to pursue a price and taxation policy that provides for the environmental costs to be reflected in energy prices".<sup>93</sup> The Working Group recommended a gradual restructuring of tax policy in several years' time to avoid "consequences that are difficult to follow up" in the Governments Long-Term Programme.<sup>94</sup> As to the rate of restructuring, the Government commented in the Programme; "With a quick introduction of tighter

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<sup>92</sup> During the period of the Long-Term Programme, there was a change of government. The Centre-Left Government entered government autumn 1989 after "the environmental election": then in autumn 1990, the Labour party again enters government with Brundtland as Prime Minister in her third period as Prime Minister.

<sup>93</sup> St. meld. nr. 4 (1990-1993) p. 27.

<sup>94</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989.

environmental requirements, the achievement of economic growth and a sufficient development in the rate of employment will become a more demanding task”.<sup>95</sup> The mandate of the Working Group was to provide input for the Long-Term Programme. This input was perhaps most visible in this reserved attitude that was expressed in relation to specific changes in taxation and in the emphasis placed on the possible repercussions of restructuring the taxation system.

Regarding the prices presupposed by the Programme, the Planning Department commented: ”...in the economic draft in the Long-Term Programme substantial changes are not presupposed in the prices of different sources of energy”.<sup>96</sup> This was the direct opposite of what the Government had stated; environmental costs were to be reflected in energy prices. Also Norges Bank commented on the preconditions of the Programme to the Minister of Finance, Gunnar Berge: ”...there is a serious inconsistency in the fact that if one succeed in an international agreement on the consumption of fossil fuels it will affect the demand for oil and the path of price movements that is currently drafted. With such a restriction on production, we will not be able to increase our production of oil as it is assumed. A successful global disposal of resources will radically change the assumptions of the programme in the petroleum sector”.<sup>97</sup> In the actual Programme, “Sustainable Development” was the second chapter. In his comment, the Central Bank believed it was correct to put the chapter in such a prominent place in the Programme.<sup>98</sup> The Planning Department’s attention

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<sup>95</sup> St. meld. nr. 4 (1988-89) p. 25.

<sup>96</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989.

<sup>97</sup> PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra Norges Bank til str Fd 29.12.1988. Gunnar Berge was Minister of Finance from 1986-1989.

<sup>98</sup> Ibid.

to the presupposed energy prices and the Government's emphasis of "sustainable development" in the Programme illustrate the conflicting goals. Nevertheless, this shows a desire to integrate environmental politics into the economic politics in the way the World Commission recommended.<sup>99</sup> One might say there was a realization of a clash of interests. Even though the conflicting goals were acknowledged, the situation did not develop into open controversy.

Several leaders of societal institutions and others associated with the Ministry of Finance commented on the conflicting goals in the Long-Term Programme. The Norwegian Ambassador to the OECD at the time and commented from his office in Paris.<sup>100</sup> He says: "Should...,... the conflicting goals that are obvious be additionally discussed? Should one be more careful in light of the optimistic presumptions that are made and the unsure situation in economic development?".<sup>101</sup> In relation to this, it was pointed out that that success in achieving increased competitiveness and low unemployment was a premise to succeed in the other priorities, implicitly the environment.<sup>102</sup> Environmental taxes was not specifically mentioned. It is hard to interpret this as anything but that it was believed that any additional burden on industry and households should wait due to reduced competitive power and a reduction of buying power. The Ministry of Transport and Communications commented on

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<sup>99</sup> St. meld. nr. 4 (1988-89) p. 22.

<sup>100</sup> Thorvald Moe was Director General of the Economic Policy Department (ØA) at the Ministry of Finance from 1978 to 1986, and Norway's ambassador to the OECD from 1986 to 1989. In 1989 he was Financial Advisor and was appointed chair of the Environmental Tax Committee and later on he became the ministry's representative within the Norwegian delegation to the negotiations prior to the Framework Convention on Climate Change (UNFCCC) in Rio de Janeiro in 1992.

<sup>101</sup> PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, telefax fra Moe og Andersen til PA 28.12.1988.

<sup>102</sup> PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, telefax fra Moe og Andersen til PA 28.12.1988.

the conflicting goals in the following manner: "A preliminary assessment of the macroeconomic extrapolation (fremskrivning; my comment) of the development in the consumption of energy from fossil fuels shows a severe inconsistency between industrial development in the macroeconomic calculations and the goals in environmental politics. A great deal depends on the exact formulation of a goal for the development of use of energy/fossil fuels".<sup>103</sup>

The comments on the Long-Term Programme made by the Ambassador to the OECD, the Central Bank and the comment by the Ministry of Transport and Communications pictures a draft where the conflicting goals between environmental and economic goals are salient. In addition, the presumptions regarding the development of energy prices were conflicting; the Government expresses a general thought involving environmental costs being reflected in energy prices, but at the Ministry of Finance, such assumptions were *not* taken into consideration in the calculations according to the Planning Department.

This underlying controversy characterizes environmental policy at this point in time. It was the Ministry of Finance that was supposed to handle both the national finances and develop a proper environmental taxation system. These conflicting goals illustrate the unsettled situation that Norwegian environmental politics found itself in at the time and that surfaced in the comments pertaining to the Long-Term Programme 1990-1993. Head of Research, SSB, Svein Longva summed up his comments on the Long-Term Programme and ends laconically: "Environmental politics is a tricky issue...Is the printing of the R-draft

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<sup>103</sup> PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30.2 En bærekraftig utvikling og et godt miljø, brev fra Sfd 06.12.1988.

(Governmental draft; my comment) on alternately bleached and unbleached paper an expression for the tottering in environmental politics?”<sup>104</sup>

### **3.2.1 The beginning of an end (for environmental taxes)**

In the work performed in relation to the Long-Term Programme, it becomes clear that in some sections of the Ministry of Finance there was an awareness that Norway should be conscious of its position vis-à-vis the possible development of an international CO<sub>2</sub> or energy-consumption agreement. The Planning Department stated this in its work with the internal Working Group. This view was not reflected in the report that was sent to the State Secretary as input to the Long-Term Programme. The comments on an international climate agreement were not considered in the economic politics of the time. One may say that the international aspect would not obstruct the Government's ambition to increase the use of environmental taxes. However, conflicting goals between environmental goals and economic goals in the Long-Term Programme show that the use of environmental taxes is part of the overall economic politics. It was macroeconomic considerations concerning competitiveness in Norway and internationally, employment, regional policy and politics of distribution that were to be considered and prioritized combined with environmental goals. Due to the economic theoretical practices that were used when prioritizing, the financial instruments did not become the solution in practical politics.

As earlier mentioned an increase in the tax on mineral oil and a change in the tax on diesel from taxation on kilometres were the two environmental taxes introduced from 01.01.1990. In the comments on the Programme from the Planning Department, the Central

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<sup>104</sup> PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra SSB til str Fd 02.01.1989.

Bank Governor, SSB's Longva and the Ministry of Transport and Communications it was noted that there was uncertainty regarding how an international climate agreement might affect the Norwegian economy. In this way, at the turn of 1988/89, the expectancy that an international climate agreement might be drawn up marked the input to practical environmental politics. However, Norway's expectations would change in 1989. It is obvious that there was uncertainty regarding whether the international agreement would pertain to reductions in energy consumption or CO<sub>2</sub>-emissions, much like Jon Nicolaisen had mentioned in his input to the Working Group at the Ministry of Finance. The work on the Long-Term Programme and the Programme itself illustrate the open situation of environmental politics at the time. There was still no clear solution to tackle conflicting goals.

### 3.3 A fading goal in environmental politics

During the debating of the national budget in the Storting in autumn 1988, the Storting asked the Government to draw up a summary and a plan regarding the way in which environmental taxes could be used in environmental politics.<sup>105</sup> This request was to lead to the appointment of the Environmental Tax Committee one year later, in December 1989.<sup>106</sup> While the Working Group that was founded pursuant to this request gave input on the Long-Term Programme presented in 1989, and whose work was reflected in taxation proposals for the budget for 1990, the Environmental Tax Committee was to provide input for the next budget, that of 1991. As mentioned earlier, the work of the Committee took place in two phases. This thesis views the committees work as separated in two phases, other social

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<sup>105</sup> NOU 1992:3 p. 39 refers to Budsjett-innst. S. I for 1988-89.

<sup>106</sup> NOU 1992:3 p. 38.

scientific research in the field has not taken that approach, nor investigated the committees work so closely. The first phase is, according to its mandate to provide a basis for decision-making in environmental politics in relation to the use of financial instruments in the 1991 budget.<sup>107</sup> In the second phase, the Committee's work illustrates the unclarified situation in environmental politics. This is the premature production of a new level in environmental politics, a solution to the underlying controversy. The Committee's leader gave a speech in this period which demonstrates the unclarified nature of the situation, and he may be interpreted as having split interests in terms of the national financial instruments and the stance on international climate politics. I will return to this in Part II of the analysis by focusing on the specific creation of an international level within the national one.

Financial Advisor Thorvald Moe, representing the Ministry of Finance, was appointed chair of the committee. The Environmental Tax Committee consisted originally of eight members and five secretaries. These were four representatives from the Ministry of Finance, and one representative from the following ministries and institutions: the Ministry of the Environment; the Ministry of Transport and Communications; SSB; and the Department of Economics at the University of Oslo. Of the five secretaries, three represent the Ministry of Finance and two the Ministry of the Environment.<sup>108</sup> The Environmental Tax Committee was broader and more comprehensive than the Working Group one year earlier. Nevertheless, the Committee's members come from just a few ministries, and all were economists – so its composition was perhaps not so broad after all.

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<sup>107</sup> Ibid p. 38.

<sup>108</sup> AT, arkivnr. 547.00, saksnr. 90/4725-7, internt notat til finansråden, kopi SØ, FA, PUA, ATA 22.08.1990.



In its final report submitted in February 1992, the Environmental Tax Committee advised the government to have a flexible attitude towards the point in time when the national stabilization of CO<sub>2</sub> should be put into effect.<sup>109</sup> Moreover, this means that the goal of stabilization from 1989 had been dropped. I will not further outline the difference internally in the Environmental Tax Committee; others have outlined this in previous works.<sup>110</sup> In the following I return to the first and second phase of the Environmental Tax Committee's work.

### 3.3.1 First phase

In its first report, the Committee proposed several environmental taxes, all in accordance with economic theories of negative externalities. One scholar of economics recognized at the Ministry of Finance in environmental issues is the British economist, Arthur Cecil Pigou (1877-1959).<sup>111</sup> At this point, the Government possessed an explicit strategy to reduce CO<sub>2</sub>-emissions, due to the decision made by the Storting in autumn 1989. A month before the report, in early April 1990, the Budget Department considered the Committee's input on the budget. The comments pertained to the overall strategy as well as the more specific suggestions. The Budget Department agreed with the Committee in its main strategy; taxation of fossil fuels. Regarding this matter, the department said: "The use of taxation in order to reduce the increase in consumption is to be viewed as cost-efficient".<sup>112</sup> At the

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<sup>109</sup> NOU 1992:3 pp. 17-18, Bolstad 1993 p. 39, Asdal 1995 p. 41, Reitan 1998 p. 138.

<sup>110</sup> Nilsen 2001, Reitan 1998, Tenfjord 1995.

<sup>111</sup> Arthur Cecil Pigou is viewed as one of the founders of environmental economics by coupling natural resources without a price to the economic sphere, the market, in his book *The Economics of Welfare*, published in 1920. Financial Advisor Thorvald Moe at the Ministry of Finance mentioned Pigou in a conversation in Moe's office on 13.05.2009.

<sup>112</sup> AT, arkivnr. 547.00, saksnr. 90/4725-1, internt notat fra FA til Moe 05.04.1990.

ministry, the term “cost-effective” was used in connection with the proposed taxes. “Cost-effective” was often used as part of the ministry’s reasoning.

Concerning the proposed taxes, the department was less enthusiastic, as their comments show: ”whether the different proposals represent a cost-efficient use of instruments is...highly unclear”.<sup>113</sup> This comment was sent to the Financial Advisor and chair of the Committee, Thorvald Moe. Furthermore, the department commented on three specific suggestions; 1) a system for deposit or return of waste oil, 2) a fee on control of fish farming, and 3) to increase tax on fertilizers. First, the department commented on the proposition on a system for deposit or return of waste oil: ”The Budget Department strongly advises against an introduction of a system for a deposit/return of waste oil”.<sup>114</sup> The background for this strong statement was that collection of waste oil was 78% in 1988. According to the department, this was regarded as a high degree of collection. In addition, there were negotiations ongoing with industry concerning a future waste disposal plant in Mo i Rana. The negotiations pertained to obligations the industry to build and operate a special waste plant. In other words, the suggestion was rejected based on the ongoing negotiations with industry, and due to the department’s understanding of a high degree of collection.<sup>115</sup> It seems the Budget Department believed the high degree of collection would not make the suggestion cost-effective. Using resources to collect the remaining 22% of waste oil was deemed inappropriate and be a waste of resources. In addition, the ongoing negotiations might lead to industry having to bear the costs, not the state. Concerning the second proposal, on a fee on control of fish farming, the Budget Department’s opinion was

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<sup>113</sup> Ibid.

<sup>114</sup> Ibid.

<sup>115</sup> AT, arkivnr. 547.00, saksnr. 90/4725-1, internt notat fra FA til Moe 05.04.1990.

as follows: "...this is clearly a budgetary case and should be considered in relation to the ordinary discussions of the budget".<sup>116</sup> In other words, the suggestion should be transferred to the Ministry of the Environment or be handled internally at the Ministry of Finance.

Regarding the third suggestion, an increase in taxes on fertilizers, the Budget Department's opinion was that this increase should be postponed due to the lack of thorough cost-benefit analyses. According to the North Sea Declaration, Norway was obliged to reduce emissions of nutrient salts into the North Sea by 50% by 1995. The Budget Department said no thorough cost-benefit analysis had been conducted showing how Norway, in a cost-effective way, could meet this obligation. On these grounds, the department could not determine whether a tax on fertilizers was the most cost-efficient instrument.<sup>117</sup> My point is that the proposal for a tax on fertilizers aimed to help Norway fulfil an international agreement it was party to: the North Sea Declaration. Nevertheless, the Budget Department did not want to implement initiatives until they were certain that the instruments in use were cost-effective. Meanwhile, time is passing and additional nutrient salts and fertilizers continue to flow into the North Sea. The Budget Department recommended that the proposal be transferred to the Ministry of Agriculture for further investigation.

In late April, when the Environmental Tax Committee submitted its first report, it seems as if the Committee at least in part had chosen to ignore the recommendations of the Budget Department. The Committee supported the suggestions concerning a fee on control of fish farming and the suggested fertilizer tax. In this second round of comments, the

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<sup>116</sup> Ibid.

<sup>117</sup> AT, arkivnr. 547.00, saksnr. 90/4725-1, internt notat fra FA til Moe 05.04.1990.

Budget Department sent a memorandum to the Department of indirect taxation and customs. The Committee's leader, Thorvald Moe, was copied into the letter but later removed with Tip-ex.<sup>118</sup> I am not going to read too much into this, however, due to the fact that the Budget Department's opinion was already known to Moe. In outspoken language, the Budget Department commented, for the second time, on the suggestion concerning fish farming as follows: "the suggested tax at hand on the control of fish farming will have an effect on the debit side of the budget. There is currently no such control. The Budget Department would suggest that the Ministry of the Environment may look at this during their regular work on the budget".<sup>119</sup> In other words, the responsibility was to be transferred from the Committee to the Ministry of the Environment on the grounds of balancing the budget. Regarding an increase in fertilizer tax, the Budget Department commented on this proposal for the second time as well. There are no traces of comments in the letter concerning the ongoing negotiations with industry on the lack of cost-efficiency due to the high degree of collection.<sup>120</sup> The department now thought the suggestion should be considered within the overall framework of environmental taxes in relation to the budget for 1991. In other words, the responsibility had been shifted from the Committee to the sector ministry, the Ministry of Agriculture. An additional suggestion was commented on, a proposition for a kind of purchasing tax on the costs involved in returning lead accumulators. The Budget Department thought such a solution would affect the debit side of the budget, and the department presumed this suggestion could be proposed through the ordinary budget process. In other words, the suggestion was transferred to the sector ministry; the responsibility was

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<sup>118</sup> AT, arkivnr. 547.00, saksnr. 90/4725-2, internt notat fra FA til AT 28.05.1990.

<sup>119</sup> Ibid.

<sup>120</sup> AT, arkivnr. 547.00, saksnr. 90/4725-2, internt notat fra FA til AT 28.05.1990.

transferred from the Committee to the Ministry of the Environment and the reasoning lay in the concern for balancing the budget.

The above examples show that the Committee proposed specific suggestions for changes in the taxation system. However, in this case the Budget Department fragmented the Committee's mandate and power by transferring case-by-case suggestions from the Committee to the relevant sector ministry. The Budget Department's interest was in balancing the budget and the cost-efficient use of instruments. The Budget Department shows no sign of wishing to cut through the discussion and introduce taxation that could help alleviate environmental challenges. The reason for this may lie in the term "cost-efficiency". The Committee and Moe had several suggestions concerning environmental taxes, but the Budget Department rejects them. It seems as though it is due to the way in which the economists at the Budget Department practised their economic skills that the environmental taxes proposed did not gain a foothold.

According to Reitan, the input to the budget of 1991 consisted of a suggestion to introduce Norway's first CO<sub>2</sub> taxations and this became clear in the Syse Government's budget for 1991 in the autumn of 1990.<sup>121</sup> But when the Syse Government presented its budget in October 1990, CO<sub>2</sub> taxes had been reduced to an extra tax on petrol and mineral oil. The SIMEN project had presumed a CO<sub>2</sub> tax on all CO<sub>2</sub>-emissions.

### **3.3.2 Second phase**

Later, in the summer of 1990, the composition of the Environmental Tax Committee changed. Would the result of the Committee's work have been different if the Committee

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<sup>121</sup> Reitan 1998 p. 124.

had had the same members throughout the process? Up until autumn 1990, the Committee had consisted of eight members. Two of the Committee's original members left it in late summer 1990, and four new members joined the Committee during the following autumn. Now, the Environmental Tax Committee had ten members and six secretaries.<sup>122</sup> After the change in membership, the Ministry of Finance was no longer so heavily represented. The Environmental Tax Committee had in April 1990, according to its mandate, provided input concerning the budget process for 1991 and was now entering the second phase of its work when the aim was a Norwegian Official Investigation (NOU).<sup>123</sup> Correspondence shows that the Economic Policy Department and the Tax Policy Section withdrew their representatives from the Committee. The reasoning for this was that "The investigation will raise comprehensive and difficult questions. While the Environmental Tax Committee is supposed to have a long-term and principle perspective, it will be difficult to avoid questions that relates to the day-to-day economical politics. It can become challenging to handle these in the Committee".<sup>124</sup>

The Economic Policy Department holds a powerful role in the ministry and perhaps there are conflicting interests between the department and the Committee. The Economic Policy Department and the Tax Policy Section and "possibly" Department of indirect taxation and customs should not be represented on the Committee. Rather, the suggestion was to external expertise being drawn into supplement the Committee's competence within,

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<sup>122</sup> Summer 1991 Erik Birkeland changed employee, from the Ministry of the Environment to the Norwegian Polar Institute, but he continued on the Committee as a "private individual" (NOU 1992:3 p. 38).

<sup>123</sup> AT, arkivnr. 547.00, saksnr. 90/4725-7, internt notat til finansråden via Moe, kopi SØ, FA, PUA, ATA 22.08.1990.

<sup>124</sup> AT, arkivnr. 547.00, saksnr. 90/4725-7, internt notat til finansråden via Moe, kopi SØ, FA, PUA, ATA 22.08.1990.

for example, technological expertise, expertise on environmental and pollution challenges, and industrial economic expertise. Does this mean that the Economic Policy Department and the Tax Policy Section think the current skills within the Committee are inadequate to fulfil its mandate? The mandate did not ask for technological innovation or climatic assessments, moreover the task was to investigate a basis for decision-making in environmental politics grounded in economic skills or knowledge of the Norwegian system of taxation.<sup>125</sup> The Economic Policy Department and the Tax Policy Section recommended that it should be considered how, in an “appropriate” way, to include a few of the central interest groups due to the penetration of the investigation. Is the involvement of interest groups here meant to ensure a comprehensive investigation, or is it an alibi due to the “appropriate” involvement. To ensure a certain “distance”, a good proportion of the Committee’s investigations should be outsourced to independent research institutes, according to the Economic Policy Department.

Currently, SSB is often viewed as a “research department” within the Ministry of Finance and the KLØKT project was being conducted at the behest of the Interdepartmental Climate Group. Did Eggum Johansen and Røyne really want to create a “distance” in relation to this work or was this an attempt to avoid handling the conflicting goals of environmental and economic politics within the ministry?

By outsourcing investigations to independent research institutes, others would be handling the problematic nature of the mission. Joining the Environmental Tax Committee we find Nils Axel Braathen from the Ministry of Industry, Dag Omre from the Ministry of Petroleum and Energy and Olav Igesund from the Norwegian Directorate of Customs and

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<sup>125</sup> NOU 1992: 3 p. 38.

Excise. Olav Igesund replaces Assistant Director General von der Fehr from the Tax Policy Section on the Committee.<sup>126</sup> What kind of step is this? By withdrawing von der Fehr and replacing him with Igesund, the Tax Policy Section was creating the “distance” it had asked for in relation to the work involved in the daily running of economic politics. At the same time, the Customs and Excise Administration is organized under the Ministry of Finance. Accordingly, there was no greater threat of the representative of the Customs and Excise Administration offering considerably different input and opinions than the earlier representative from the Ministry of Finance. As mentioned above, the Ministry of Industry and the Ministry of Petroleum and Energy now joined the Committee. Olav Prestmo of the Ministry of Transportation and Communications, Jon Nicolaisen and Thorvald Moe of the Ministry of Finance were original members of the Committee. Thereby, the Ministry of Transportation and Communications, the Ministry of Industry, the Ministry of Petroleum and Energy and the Ministry of Finance, in addition to the other members of the Committee, are gathered in one investigative group from autumn 1990; the Environmental Tax Committee. It is the Ministry of Transportation and Communications, the Ministry of Industry and the Ministry of Petroleum and Energy that represent the highest share of Norwegian CO<sub>2</sub> emissions in their sectors; transportation, power-intensive industry and petroleum production. When speaking of Norwegian CO<sub>2</sub> emissions the Planning Department referred to the SIMEN project.<sup>127</sup> CO<sub>2</sub> emissions in Norway were distributed as follows: 30% from

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<sup>126</sup> AT, arkivnr. 547.00, saksnr. 90/4725-12, internt notat fra til Moe, 25.09.1990. The Ministry of Industry was established on 01.01.1988 and closed down on 31.12.1992. The Ministry of Petroleum and Energy was first established on 01.01.1978, closed down on 31.12.1992 and re-established in 01.01.1997.

<sup>127</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988.



heating, 30% from power-intensive industry and 40% from transportation.<sup>128</sup> Therefore, the Ministry of Transportation and Communications and the Ministry of Industry will carry a great deal of the burden in the case of national environmental goals or in the case of an international CO<sub>2</sub>-agreement. In the petroleum sector, the production of oil and gas on the Norwegian continental shelf causes a high amount of emissions and, in the later negotiations concerning an international climate agreement, this will be key in considering and developing a "joint implementation".<sup>129</sup>

In the conclusion of the Environmental Tax Committee, the Committee recommends that "...the Government should take a flexible attitude towards the future point in time when a national stabilizing occurs".<sup>130</sup> In the white paper concerning Norway's follow-up of the World Commission, the Government emphasized that the goal of stabilization was for the time being and would be re-considered.<sup>131</sup> In the same way, the Committee emphasized that "...the goal (goal of stabilizing CO<sub>2</sub> emissions: my comment) will be considered as time goes by and in light of other investigations".<sup>132</sup> The scope of environmental goals will influence the environmental development.<sup>133</sup> Nevertheless, the Ministry of Finance did not take into

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<sup>128</sup> Ibid. The relative share of CO<sub>2</sub>-emissions stemming from the petroleum sector is not a part of the figures in the SIMEN project.

<sup>129</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/8455-1, telefax fra Hanisch 25.11.1991; FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, brev fra Hanisch til Md 22.10.1991.

<sup>130</sup> NOU 1992:3 p. 17.

<sup>131</sup> St. meld. nr. 46 (1988-89) p. 10.

<sup>132</sup> NOU 1992:3 p. 19.

<sup>133</sup> Reitan 1998 p. 121 refers to Birkeland, E. (1992) *Norsk strategi I klimapolitikken*. Sosialøkonomen 46: 10-12; Tennfjord, A. (1995). *CO2-saka: Økonomisk interessepolitikk og miljøpolitiske målsetjingar*. LOS-senteret : Bergen. p. 72f.

consideration a strict goal for the environment in the calculations for the Long-Term Programme 1990-1993. This was a point Central Bank Governor Skånland made in connection with the Programme.<sup>134</sup> In the first phase of the Environmental Tax Committee's work, several of the members were members of the Interdepartmental Climate Group as well. The focus in this time period was on specific environmental taxes that aimed to reduce environmental challenges. This is evident in the specific suggestions of the Committee in its report in April 1990. In the second phase of the Committee's work, when it became obvious that the Committee's work was going to result in an NOU, the membership of the Committee was changed. In the taxes proposed that was the basis for the budget for 1991 was also the suggestion on a CO<sub>2</sub> tax. It seems as if the change in membership did not affect the work in the sense of leading it in the direction of additional proposals. On the contrary, it may be that the Ministry of Industry and the Ministry of Petroleum and Energy joining the Committee led to a focus on who was to carry the burden of reductions in emissions.

In the second half of 1990, Thorvald Moe participated in the Norwegian delegation to the Climate Convention in Rio de Janeiro. A representative from the Ministry of Finance was invited by State Secretary Jens Stoltenberg at the Ministry of the Environment, in "forum for international agreements", from January 1991.<sup>135</sup> Several members of the Committee were also members of other forums and committees. It is possible that not just the work done *within* the Committee led to the goal to stabilize CO<sub>2</sub>-emissions nationally being dropped. Rather, the sum of the activities that the members of the Committee do and

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<sup>134</sup> PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra Norges Bank til str Fd 29.12.1988

<sup>135</sup> This forum was called in Norwegian the "idegruppen for internasjonale avtaler". Norway's current Prime Minister, Jens Stoltenberg, was the initiator of this forum, as State Secretary at the Ministry of the Environment from 1990-1991. I will in the following use the a translated name; "forum for international agreements"

learn in different initiatives may have lead to this conclusion in the final report of the Committee. The shift in the Committee's engagement in internationally directed initiatives might have made it easier to depart from the national goal of stabilization even though this probably was evident in the report delivered in April 1990.

### 3.4 Brief Account of Part I

In environmental politics in 1989 the financial instruments was promoted as the solution to national environmental challenges. The SIMEN-project promoted a radical change in the taxation system in order to reduce CO<sub>2</sub> emissions and at the same time maintain economic growth. It was expected that this radical change was to be the solution to national environmental challenges. Nevertheless, with the upcoming Rio Conventions the focus in international politics turn to climate politics. In the Long-term Programme and through the work of the Environmental Tax Committee there is a realization of conflicting goals in environmental politics. The growing focus on an upcoming international climate agreement and its consequences on Norwegian environmental politics, future oil fortune and economic growth were realised. How was Norway to strategically develop environmental politics ensuring National interests? The open situation was closing in on one solution. By the production of an international level within the national environmental politics, focus changed and the motifs in national environmental politics became international. In the following section, Part II, the production of this level is outlined.

### 3.5 Part II: Production of politics and the formation of political issues

The analytical presentation in this section is also ordered chronologically. Part I and Part II take their point of departure in 1989. In this section, the focus is on the production of an

international level as a solution to the underlying national controversy over economic growth and environmental protection. The focus in environmental politics shifted, and a way to solve this controversy was by producing an international level within national environmental politics. In this section I will attempt, step by step, to describe this process. Marit Reitan sees the level in climate politics as it was the national politics that were moved up to the international level.<sup>136</sup> In this section, I argue and demonstrate that the international level was produced within the national level, and that the earlier focus on environmental taxes is not visible: the focus is on ensuring national growth through the national position taken in the negotiations prior before the Rio Conventions. In developing climate politics, many processes were initiated. The Interministerial Climate Group established in 1989 is one example I will return to below. I grant a relatively large amount of space to a speech given by the leader of the Environmental Tax Committee to illustrate the dualism of the focus during a period of uncertainty in environmental politics. As the solution became more clear, extensive work was carried out to promote Norway's view prior to the Rio Conventions. The closure on one solution, i.e. the production of an international level within national environmental politics, paved the way for Norway being able to avoid open controversy, while ensuring that Norway's position had to be reflected at the Rio Convention on Climate Change.

### **3.5.1 A dawning international focus on environmental challenges**

The SIMEN project pertained to national opportunities to reduce CO<sub>2</sub>-emissions and these were framed within the year 2000, the Interministerial Climate Group, established in 1989, organized the KLØKT project. In KLØKT, the timeframe was extended to "...2025, in line

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<sup>136</sup> Reitan 1998.

with the IPCC”.<sup>137</sup> Additionally and more importantly, the project’s task was to investigate what effects an international agreement would have on the Norwegian economy and growth in different scenarios. The background for this was a dawning international focus on environmental challenges.

In accordance with recommendations in *Our Common Future*, the UN decided to organize a global conference; the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro 1992, a conference popularly known as the “Rio Earth Summit”. The aim was to shape strategies and methods to lead the development in a more sustainable direction, both nationally and internationally.<sup>138</sup> Between 1987 and 1992 there was a growing focus on environmental and climate issues within the international community. The UN Intergovernmental Panel on Climate Change (IPCC) and the United Nations Conference on Environment and Development (UNCED) set up a number of meetings from 1988 until the “Rio Earth Summit” in 1992.<sup>139</sup> In this phase, when international climate politics was being established, Norway participated in a working group within the IPCC. The task was to consider different scenarios involving emissions and mechanisms of implementation. The subgroup called the Response Strategies Working Group (RSWG) organized a series of meetings from January 1989 until August 1990.<sup>140</sup> Via

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<sup>137</sup> PA, tidsrom 1990-1993, arkivboks nr. 2, arkivmappe 012.74 Klimautvalget, notat fra ØA og PA til finansråden 09.03.1990.

<sup>138</sup> ProSus 2009.

<sup>139</sup> The Intergovernmental Panel on Climate Change (IPCC) is a scientific intergovernmental body which aims to evaluate the risk of climate change caused by human activity. The panel was established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP).

<sup>140</sup> First meeting in January 1989, Washington; second meeting in October 1989, Geneva; third meeting in June 1990, Geneva; fourth meeting in August 1990, Sundsvall (Miljøverndepartementet 1990 p. 97).

the work of the Interministerial Climate Group, Norway directed its international climate-political work towards this subgroup of the IPCC.<sup>141</sup>

There were six regional conferences prior to the “Rio Earth Summit”. Norway hosted one of these, the ECE Regional Conference in Bergen in May 1990.<sup>142</sup> The Second World Climate Conference (WCC-II) was held in November 1990 by the World Meteorological Organization (WMO).<sup>143</sup> Norway had a secretarial function at the WCC-II.<sup>144</sup> From January 1991 until June 1992, official negotiating rounds took place regarding the Rio Conventions.<sup>145</sup> From the second half of 1991, it was clear that Norwegian climate politics was about to gain a position internationally in the forthcoming climate convention. But in what way and with which means? The solution that was chosen was to try garner support internationally to establish a financial mechanism called a “clearing house”.<sup>146</sup> In the negotiations, this was termed “joint implementation” and the way to do this was by

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<sup>141</sup> In May 1989, there was a civil-servant meeting in the Response Strategies Working Group. Secretary General in the Ministry of the Environment, Olaf Sætersdal, says it was after this civil-servant meeting the work of the subgroup began. Olaf Sætersdal became chair of the Interministerial Climate Group and he expressed this in a report prepared by the Climate Group (Miljøverndepartementet 1990 p. 97).

<sup>142</sup> ProSus 2009.

<sup>143</sup> Miljøverndepartementet 1991 p. 24.

<sup>144</sup> PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra Sfd til Md ved Bøen 27.10.1990.

<sup>145</sup> First round in February 1991, Washington; second round in June 1991, Geneva; third round in September 1991, Nairobi; fourth round in December 1991, Geneva; fifth round in February 1992, New York.

<sup>146</sup> “clearing house” means: “An institution where claims by various banks against each other are offset. This greatly reduces the need for transfer of funds between banks, each bank need only remit the net excess of its gross payments out over gross payments in, or receive the net excess of payments in over payments out”. (Oxford Dictionary of Economics (2002). New York : Oxford University Press Inc.).

establishing an international “stock-exchange” for CO<sub>2</sub>-emissions, a clearing house, so to speak. I will return to this process and describe the actors and initiatives later in this part.

The independent research institution CICERO was established in 1989. Together with ECON and the Fridtjof Nansen Institute (FNI), CICERO represented the development of expertise in Norwegian climate policy.<sup>147</sup> This expertise contributed to the knowledge and establishment of what we might call Norwegian *climate politics*.<sup>148</sup>

Norway participated in several of the international initiatives on climate issues. This emerging field focusing on climate issues affected Norway in such a way that several interministerial investigations and processes were established from 1989 onwards. In tandem with the emerging focus on climate issues internationally, there was a gradual recognition of the need to incorporate nationally international initiatives within national environmental politics. Below we will look into this broad and profound initiative to link the international with the national in the form of the Interministerial Climate Group. Between the national and the international levels in environmental politics, there was an administrative level that linked the two levels. The Ministry of Finance is responsible for handling state finances and, should conflicting ambitions arise, the ministry has to help bring about a solution. The ministry was an important actor in environmental politics. It was not just the glue between the levels, but was also tasked with acknowledged what was emerging and acting upon it.

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<sup>147</sup> Nilsen 2001 p. 129.

<sup>148</sup> Ibid.

### 3.6 Inter-ministerial initiatives and overlapping representatives

In August 1989, the Interministerial Climate Group was established to prepare a basis for decision-making for the Government in relation to a future international climate agreement.<sup>149</sup> This is one of several initiatives that contributed to the development of climate politics. Other interministerial initiatives included the Norwegian delegation to the negotiations on the Framework Convention on Climate Change (UNFCCC) in Rio de Janeiro, and a forum initiated by the State Secretary at the Ministry of the Environment in January 1991, the “forum for international agreements”.<sup>150</sup> There was an overlap in the different climate political groups formed in connection with the establishment of climate politics in 1989-1992.<sup>151</sup> Some of the representatives were the same in several of the initiatives. When comparing the ministries’ participation, the Ministry of Finance appears more often than any other ministry in interministerial initiatives. The Interministerial Climate Group consisted of representatives from nine ministries and the Prime Minister’s Office (SMK).<sup>152</sup> The work within the Interministerial Climate Group was described as being a “slow and heavy process”.<sup>153</sup> It is the Budget Department that described the process

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<sup>149</sup> Miljøverndepartementet 1991 p. 23.

<sup>150</sup> See n. No. 137.

<sup>151</sup> The presentation of initiatives and its members are based on multiple sources: Miljøverndepartementet 1991 p. 23; NOU 1992:3 p 38.

<sup>152</sup> Miljøverndepartementet 1991 p. 23.

<sup>153</sup> PA, tidsrom 1990-1993, arkivboks nr. 2, arkivmappe 012.74 Klimautvalget, notat fra FA til str, kopi PUA, ØA, SØ, ATA dato 13.03.1991.



in a letter to the Minister of Finance, Sigbjørn Johnsen.<sup>154</sup> Secretary General Olaf Sætersdal of the Ministry of the Environment was appointed chair of the Climate Group.<sup>155</sup> The Group conducted a large number of research projects, approximately forty investigations in all.<sup>156</sup> The KLØKT project was one of these.<sup>157</sup> Within the Interministerial Climate Group, there were several representatives from the Ministry of Finance.<sup>158</sup> The Ministry was also represented in the Environmental Tax Committee and of the Norwegian delegation to the negotiations in Rio de Janeiro with Thorvald Moe.<sup>159</sup> Nicolaisen was a member of the Environmental Tax Committee and the “forum for international agreements”.<sup>160</sup> Within the “forum”, Nicolaisen again met Erik Birkeland from the Ministry of the Environment. Birkeland had been at the Ministry of the Environment until summer 1991 when he switched jobs to the Norwegian Polar Institute. Kåre Bryn from the Ministry of Foreign Affairs was also a member of the Norwegian Interministerial Climate Group, the “forum for international agreements” and the Norwegian delegation to the negotiations in Rio de Janeiro.<sup>161</sup> Olav

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<sup>154</sup> PA, tidsrom 1990-1993, arkivboks nr. 2, arkivmappe 012.74 Klimautvalget, notat fra FA til str, kopi PUA, ØA, SØ, ATA dato 13.03.1991. Sigbjørn Johnsen is currently Minister of Finance, his last period as Minister of Finance was from 1990-1996.

<sup>155</sup> In addition, the group's members were as follows; Director General Bjørn T. Grydeland (SMK); Director General Magnor Nerheim (Fid); Deputy Director General Olav Prestmo (Sfd); Special Advisor Arild Sundberg (Fd); Director General Karin Refsnes (Md); Assistant Director General Karin Selte Tybring-Gjedde (Nd); Director General Kåre Bryn (Ud); Director General Sigurd Tveitereid (Oed) and Director General Oluf Aalde (Ld). The secretaries appointed were Gunnar Mathisen and Håvard Thoresen. Other contributors from the Ministry of Finance were: Jon Nicolaisen, PA and Eivind Tandberg, FA.(Miljøverndepartementet 1991 p. 23).

<sup>156</sup> Miljøverndepartementet 1991 p. 24.

<sup>157</sup> KLØKT is a Norwegian acronym for ”Klima, Økonomi og Tiltak”.

<sup>158</sup> Miljøverndepartementet 1991 p. 23.

<sup>159</sup> NOU 1992:3 p. 38.

<sup>160</sup> Ibid.

<sup>161</sup> Miljøverndepartementet 1991 p. 23.

Prestmo from the Ministry of Transport and Communications was a member of the Environmental Tax Committee and the Norwegian Interministerial Climate Group.<sup>162</sup> External members included Ted Hanisch, Director of CICERO. From autumn 1990, he was an observer/member of the Norwegian delegation on negotiations concerning the Climate Convention in Rio de Janeiro; in addition he had been State Secretary at the Prime Minister's Office in Brundtland's government up to 1989. Professor Michael Hoel was also associated with CICERO at this point. He was a member of the Environmental Tax Committee and a part of his work as a researcher was CO<sub>2</sub> quotas.<sup>163</sup> As this review shows, the same representatives met in several of the interministerial initiatives. Indeed, the Interministerial Climate Group, the Norwegian delegation to the negotiations in Rio de Janeiro and the "forum for international agreements" greatly overlap as far as individual members are concerned. In addition, the Ministry of Finance's representatives are more numerous than those of other sector ministries. The Environmental Tax Committee's mandate did not include scrutinizing the international climate, unlike the other initiatives mentioned above; nevertheless, the Committee was affected by the emerging focus on an international climate agreement as I have shown in the second phase outlining the Committee's work. Below, I will elaborate on this transition.

### 3.7 Latent controversy in times of unrest

Thorvald Moe played a key role in establishing both national and international climate politics, so it seems appropriate to devote rather a large amount of space to his speech below. Economists at the Ministry of Finance were realizing the effects an international agreement

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<sup>162</sup> Miljøverndepartementet 1991 p. 23, NOU 1992:3 p. 38.

<sup>163</sup> NOU 1992:3 p. 38.

might have on the Norwegian economy. It is within this context Moe's reflections may be viewed. At one point the process was open; there was no clear direction vis-à-vis which solution would be chosen in environmental politics. An example of this open situation is the speech Moe gave at a Nordic Natural Gas seminar in August 1990 in Denmark. The subject was Norwegian attempts to use environmental taxes.<sup>164</sup> At the time of the seminar, he was Financial Advisor at the Ministry of Finance and Deputy Secretary General.<sup>165</sup> In 1989, Moe was appointed leader of the Environmental Tax Committee. In the speech, it is obvious that the Environmental Tax Committee's chair expected an international climate agreement to emerge. The speech can be read as an indication of the positioning of Norwegian interests internationally, and, at the same time, the expert, the economist Moe, brings in his own opinion of the use of environmental taxes nationally.

### **3.7.1 Committee leader sitting on the fence**

The Environmental Tax Committee worked from December 1989 until February 1992; this corresponds to the time period within which climate politics in Norway were developed. In the speech, Moe speaks warmly of environmental taxes, and relates these to negative externalities and Pigou taxes, well-known terms in thinking related to environmental taxes.<sup>166</sup> Moe states: "Fossil fuels include, as we know, many products (different types of oil, coal, coke, gas) that contribute to different types of emissions (CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub>, Pb and particles). The various emissions contribute to different environmental challenges.

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<sup>164</sup> AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990.

<sup>165</sup> Financial Advisor was a former high ranking title in the Ministry of Finance; this title is not used in the ministry any more.

<sup>166</sup> AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990.

Consumers are numerous and heterogeneous. These circumstances seem to favour using tax policy as an instrument to reduce these emissions in a cost-effective way”.<sup>167</sup>

According to economic reasoning, an increase in the use of environmental taxes seemed proper, but this was not to take place. The reason for this may be linked to some of Moe`s other points in the speech. It seems as though Moe relates national work to international work by recognizing that international climate agreements do exist and by acknowledging that they will eventually include climate gases as well. Concerning the existing international agreements, for example on NO<sub>x</sub> and SO<sub>2</sub>, Moe said that their design, based on equal percentage reductions, was not necessarily the design that future agreements would be based on. He gave an example by saying: ”...The location of CO<sub>2</sub>-emissions is of no importance...the emissions should be reduced where they originate and do the most damage”.<sup>168</sup>

During the summer and autumn of 1991, it became clear that Norway wanted a financial mechanism where investments in reductions abroad could be credited in the national obligations. This is what was to be called joint implementation; the way to implement it was through a ”clearing house”.<sup>169</sup> At the time of Moe`s speech, in August 1990, it does not seem as if the principle of joint implementation had yet found form at the Ministry of Finance.

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<sup>167</sup> Ibid.

<sup>168</sup> AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990.

<sup>169</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat til FA 23.07.1991; FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat fra FA til str via Finansråden, PA, ATA, SØ 20.09.1991.

Moe continues his speech, and mentions the 1991 budget: “Instead of a tax on the emissions, it is a tax on the individual fossil fuels for 1991”.<sup>170</sup> It is the introduction of CO<sub>2</sub>-taxes on petrol, mineral oil and on gas he is speaking of. In the budget proposal for the 1991 budget, it became clear that coal, coke and domestic gas use were to be exempt from CO<sub>2</sub>-taxes. These significant exemptions contradicted the chair of the Committee’s reasons for environmental taxes on fossil fuels. Moe emphasizes the differences in Norwegian power-supply conditions compared to other countries; Norway bases its domestic power supply on hydroelectricity, implying that “CO<sub>2</sub>-emissions in Norway have to come from fixed, direct use of fossil fuels or the transport sector. In a short-term perspective there is just a small possibility for substitute products in the transport sector”.<sup>171</sup> This point may be viewed as defending Norway’s position – or at least that Moe, and the Norwegian Ministry of Finance, expect a certain amount of discrimination due to Norway’s national energy supply. “...Other countries can achieve considerable reductions in the emissions from coal- or oil power plants by transferring to gas power plants”, Moe maintained.<sup>172</sup> It was with this kind of reasoning that the thought emerge that Norway still could maintain its petroleum production in a situation with a climate agreement.

Moe’s speech can be read as though he, both personally and professionally, believes in an increase in the use of environmental taxes, but at the same time he also considers his own position and the position of economic politics in terms of the repercussions an international climate agreement might have. The speech can be interpreted as though Moe were sitting on the fence, between the national and international levels; or perhaps he

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<sup>170</sup> AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990.

<sup>171</sup> AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990.

<sup>172</sup> Ibid.

acknowledges the national and the international. Moe mentioned the introduction of CO<sub>2</sub>-taxes, which were controversial at the time, in his speech. When CO<sub>2</sub>-taxes were introduced in 1991, the decision to tax only certain types of fuel was not in accordance with the reasoning on which such taxation was based. Due to the uncertain situation in environmental politics, this inconsistency between reasoning and practice may be an example of the uncertain strategic direction environmental politics was taking.

### 3.7.2 First step in pioneering regulation

In the white paper concerning the follow-up of the World Commission, the Government argued that the highest taxes should be on energy sources that emit the most CO<sub>2</sub>, similar to SO<sub>2</sub> from mineral oil; the level of taxes should be based on the level of contamination.<sup>173</sup>

The SIMEN project recommended a CO<sub>2</sub>-tax on all fossil fuels. In the budget for 1991, CO<sub>2</sub> taxes were introduced on petrol, mineral oil and gas.<sup>174</sup> Norway was pioneering within the field of environmental regulations by introducing CO<sub>2</sub>-taxes at this point in time.

Nevertheless, if the Government had followed its own arguments, mineral oil should have been more highly taxed than petrol as this would have correlated to the theoretical economic incentives on which it had based its presumptions. Moreover, coal and coke should also have been taxed with a CO<sub>2</sub> tax. The CO<sub>2</sub> tax was formulated thus: 275NOK p/t on petrol and 110NOK p/t on mineral oil.<sup>175</sup>

Concerning CO<sub>2</sub> taxes on coal and coke, the Ministry of the Environment prioritized SO<sub>2</sub> taxes on these energy sources rather than a CO<sub>2</sub> tax: “The Ministry of the Environment

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<sup>173</sup> St. meld. Nr. 46 (1988-89) p. 76; Reitan 1998 p. 125.

<sup>174</sup> The CO<sub>2</sub> tax on mineral oil was to be 0.30 NOK; the CO<sub>2</sub> tax on petrol was to be 0.60 NOK.

<sup>175</sup> Reitan 1998 p. 125.

wishes to extend the SO<sub>2</sub> tax and include coal and coke. The Ministry of the Environment would prioritize this suggestion over a CO<sub>2</sub> tax on coal and coke.<sup>176</sup> In the budgetary proposition for the 1991 budget, the Government wanted to investigate environmental, industrial and economic effects before further CO<sub>2</sub>-taxes were introduced on coal and coke.<sup>177</sup> In the budget proposal, the Government said the proposals was "...the first step in an escalation of environmental taxes on fossil fuels".<sup>178</sup>

At this point in time, the opportunities for gas exports were acknowledged within the Ministry of Finance. "Clean Norwegian natural gas" could be exported at the expense of coal and oil fired power plants in European countries. Norway would then maintain its petroleum production, sell its natural resources and contribute to the environment thanks to "cleaner gas"; this was the argument. In connection with this, one should mention that as early as in the Long-Term Programme 1990-1993 in 1989 it had been mentioned that Norwegian gas could become an alternative to other energy sources of fossil fuels with high emissions of CO<sub>2</sub>.<sup>179</sup> An example of this is when the Ministry of Foreign Affairs wrote to the Ministry of Finance in August 1989: "...gas as a source of energy is an environmentally friendly alternative unlike other fossil fuels such as coal and oil. This can make Norwegian gas interesting as an alternative energy source in Europe in the future".<sup>180</sup>

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<sup>176</sup> AT, arkivnr. 547.00, saksnr. 90/4725-6, brev fra Md til Fd 03.07.1990.

<sup>177</sup> Reitan 1998 p. 125 refers to St. prp. nr. 1 (1990-91) Skatter og avgifter til statskassen p. 24.

<sup>178</sup> St. prp. nr. 1 (1989-90) p. 24.

<sup>179</sup> PA 1988-1989, arkivboks nr. 11, arkivmappe 102.7 Gjennomføring av langtidsprogrammet, brev fra Ud til Fd 15.08.1989; PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra SSB til str Fd 02.01.1989.

<sup>180</sup> PA 1988-1989, arkivboks nr. 11, arkivmappe 102.7 Gjennomføring av langtidsprogrammet, brev fra Ud til Fd 15.08.1989.

During the 1991 budget debate in autumn 1990, the Syse Government resigned. At the beginning of November, Brundtland became Prime Minister of a minority government. In their alternative budget proposal, the Labour Party signalled that "...CO<sub>2</sub>-taxes are to be extended to more users of fossil fuels".<sup>181</sup> The Labour Party did, however, support the former Government in its proposal to postpone a general tax on CO<sub>2</sub> until the Environmental Tax Committee had submitted its report.<sup>182</sup> In relation to the 1991 budget, CO<sub>2</sub>-taxation of emissions of CO<sub>2</sub> from petroleum activity on the continental shelf was introduced together with a CO<sub>2</sub> tax on petrol and mineral oil, as mentioned. The CO<sub>2</sub> tax on petroleum activity on the continental shelf was set at 0.60 NOK, but in reality it was much lower as it was tax deductible. In its recommendations, the Ministry of Finance emphasized that "The CO<sub>2</sub> tax is not supposed to be a tax on the production of petroleum", but rather a tax on the combustion of gas in the flare gas systems and when flaring is used.<sup>183</sup> The Ministry of Finance was precise in its wording, emphasizing that this tax was *not* a tax on production. At the same time, no CO<sub>2</sub> taxes were introduced on domestic power-intensive industry that used fossil fuels as an energy source.

What happened was that Norway was the first country to introduce CO<sub>2</sub> taxes, a pioneer within CO<sub>2</sub> taxes. SIMEN had recommended a CO<sub>2</sub> tax on all fossil fuels, and the Government had stated that this initial introduction was the "first step in an escalation" of environmental taxes on CO<sub>2</sub>. In the second part of 1991, Norway assumed an active stance within international climate politics; the solution to the conflicting goals of environmental and economic politics was to focus on the international level and the effects of an

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<sup>181</sup> Reitan 1998 p. 125.

<sup>182</sup> Ibid p. 126.

<sup>183</sup> Reitan 1998 p. 126 refers to Innst. O. Nr. 19 (1990-91).



international climate agreement on the Norwegian economy. Establishing a clearing-house system was thus proposed. The material does not give an answer to where precisely the idea of a clearing-house comes from. The Government waited before introducing further restrictions nationally that could affect Norwegian industry, transportation, regional policy and future growth in expectation of the restrictions that might appear in a future international climate agreement.

### **3.7.3 Ensuring national growth by the production of new politics**

In connection with the World's Second Climate Conference (WCC-II) organized by WMO in November 1990, Norway had taken upon itself the responsibility of being the secretariat to the conference. Differing opinions within the ministries show that this responsibility was to a certain extent controversial within the ministries. There was no unanimous agreement about being the secretariat at the conference.

It seems as though the Ministry of Finance had, by this point in time, made up its mind about which foundation and attitude Norway was to have towards an international climate agreement. At the same time, it is apparent that the Ministry of Finance and the Ministry of the Environment had conflicting goals regarding what they wanted the content of Norway's view to be towards the conference.<sup>184</sup> It was the Planning Department that fronted the ministry's view to the Ministry of the Environment. The Planning Department believed the Norwegian delegation should *not* emphasize their main argument to be a goal of numeric sizes and timeframes for emission reductions in the conversations at the WCC-II.<sup>185</sup> The

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<sup>184</sup> PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra PA, Fd til Md 23.10.1990.

<sup>185</sup> Ibid.

background for this was that the Planning Department at the Ministry of Finance understood the situation in advance of the WCC-II as follows: first, within the EU there was no agreement concerning stabilizing CO<sub>2</sub> by the year 2000: several countries opposed this, such as Spain, Portugal, Greece and Great Britain. Second, the Planning Department stated that the USA would not meet at a political level, but was sending a scientist to head their delegation.<sup>186</sup> The goal of the Norwegian delegation was to achieve a 20% reduction by 2005 or 2010. The Planning Department thus asks rhetorically: "Would it be possible to achieve more by more strongly emphasizing/trying to gain support for what the industrial countries at the least should do in the years to come?". It is continued: "The main aim would be to avoid a sticky discussion about long-term goals and to make the USA (and other laggards such as Great Britain) do more than they have wanted to do so far".<sup>187</sup> On these grounds, the Ministry of Finance suggested in October 1990 that the Norwegian delegation drop its earlier goal of a 20% reduction in emissions by 2005 or 2010.

What repercussions did this have for Norway's stabilization goal? Can this be understood as the Ministry of Finance in October 1990 having no intention of attempting to adhere to the national stabilization goal from 1989? In line with the IPCC, the Interministerial Climate Group in the KLØKT project had adjusted the year of reference to the international with a horizon until 2025. Is it so that the Ministry of Finance wishes that the international society are to develop the best effort in the negotiations and by that this was a constructive input where "everybody was in", or was this an expression for the Ministry of

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<sup>186</sup> Ibid.

<sup>187</sup> PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra PA, Fd til Md 23.10.1990.

Finance believing that Norway's unilateral goal of stabilization was not a solution that followed the ministry's practice of the cost-effective administration of natural resources?

Specifically, the Ministry of Finance wishes that the minister statement being developed for the WCC-II should be based on "The precautionary principle and cost effective agreements and instruments".<sup>188</sup> This implies, according to the department, that the Ministry of Finance believes the following three preconditions must be followed up. First, "...limiting emissions must be set independent of borders"; second, "...the agreement must include all climate gasses, not just CO<sub>2</sub>"; third, "...the agreement should enjoy broad approval from all major industrial countries".<sup>189</sup> The Ministry of Finance wanted the Norwegian delegation to the WCC-II to work actively towards making these principles reflected in the ministerial statement.<sup>190</sup> The Planning Department at the Ministry of Finance commented on the proposal from the Ministry of the Environment, saying: "In the opinion of the Ministry of the Environment, Norway shall not oppose any suggestion that implement a programme with the aim of a 20% reduction in the total emissions of climate gases in the industrialized countries. The Ministry of Finance thinks Norway instead should suggest an investigation of possible reductions for now".<sup>191</sup> At this point in time, there were no calculations showing the repercussions for economic growth involving different scenarios for the reduction of emissions for Norway, and the Planning Department emphasized this uncertainty. The Ministry of Finance aim at the ongoing KLØKT project in the

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<sup>188</sup> Ibid.

<sup>189</sup> PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra PA, Fd til Md 23.10.1990.

<sup>190</sup> Ibid.

<sup>191</sup> Ibid.

Interministerial Climate Group and said the following: "it is not possible to take a standpoint vis-à-vis possible reduction goals before the actual investigation, the climate investigation, has been completed and there is a calculation of the costs of different levels of reductions of emissions. These costs may soar and have an enormous influence on economic growth and societal development".<sup>192</sup> The KLØKT project had not yet been completed: it was to scrutinize such scenarios involving different levels of reductions and the possible repercussions for the Norwegian economy.

It is obvious that the secretarial role was controversial within the ministries; in addition, the ministries' goals conflicted. The Ministry of Transportation and Communications commented on the situation thus: "The extent to which Norway is to be responsible for "secretarial tasks" in international environmental work should be discussed in advance at a political level here at home. That has not occurred in this specific case".<sup>193</sup> The Ministry of Transportation and Communications continued: "We would also like to address the obvious problems that lie in the fact that Norway in reality has assumed a secretarial responsibility for the ministerial conference in an area where numerous national political questions remain unclear. There is a clear danger that this could lead to obligations and create doubt about Norwegian standpoints in the international climate negotiations".<sup>194</sup> There were no consensuses between the ministries about the position Norway should take in the international negotiations at this point. The Ministry of Transport and Communications could not perceive any clear consensus or a clear Norwegian position within environmental

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<sup>192</sup> Ibid.

<sup>193</sup> PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra Sfd til Md 27.10.1990.

<sup>194</sup> Ibid.

politics. The "Norway" that had taken responsibility for being secretary was the Ministry of the Environment (in cooperation with the Ministry of Foreign Affairs) without any specific discussion in advance of this decision.<sup>195</sup> Concerning the ministerial statement, the Ministry of Transport and Communications wanted to stress lack of involvement and wrote: "The Ministry of Transport and Communications wants it to be expressed in the letter of recommendation who has formulated the Norwegian document. We would ask that the word "we", the first time it is mentioned, be altered to 'The Ministry of Environment in cooperation with the Ministry of Foreign Affairs'".<sup>196</sup>

There were differing opinions at the various ministries regarding Norway's official strategy in international environmental policy. The situation was unclear throughout 1990. Above, it is indicated the way in which the chair of the Environmental Tax Committee illustrates this situation. In addition, the introduction of CO<sub>2</sub>-taxes did not follow the government's own theoretical reasoning for such taxes: in addition, the last section has demonstrated how differing opinions within three ministries were expressed on process and strategy vis-à-vis the World's Second Climate Conference. A focus on the international seems to emerge much due to a strong belief in not weakening economic growth potentialities nationally. The idea of an emerging international focus had now been established. Public civil servants were about to develop new political practices in day-to-day politics.

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<sup>195</sup> Ibid.

<sup>196</sup> PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra Sfd til Md 27.10.1990.

### 3.8 Producing politics

This section will look into the specific, practical efforts made to establish an international level within the national level of environmental politics. From late 1990 until the Rio Conventions, several efforts were made to establish the international level and to position Norway within the frameworks of the forthcoming international climate agreement. Below, I will outline how the KLØKT line of reference (referansebane: my comment) was forced upon both international and national environmental investigations in order to “avoid difficulties” and misunderstandings that might appear with differing lines of reference.<sup>197</sup> This means that a line of reference involving an international aim was to be the foundation for the national investigation of the Environmental Tax Committee. Other specific examples I will return to in this section include the first difficult attempts to develop a quota system and the definition of “Norway’s view” in the international negotiations prior to the Rio Conventions.

How could the international aspect be made important in a national investigation pertaining to environmental taxes in Norway? The background for this may be found in a decision to make the KLØKT line of reference a basis for the Environmental Tax Committee, the Interministerial Climate Group and the Revised Long-Term Programme.<sup>198</sup> The KLØKT project was conducted by SSB. The report discussed two things; first, the repercussions for Norway’s economy if Norway were to unilaterally attain a goal of stabilizing Norwegian CO<sub>2</sub>-emissions. Second, there was a discussion to co-ordinate international politics to reduce CO<sub>2</sub>-emissions globally and the effects of this on Norwegian

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<sup>197</sup> PA, tidsrom 1990-1993, arkivboks nr. 14, arkivmappe 102.40 Generelt, notat fra PUA 20.09.1990.

<sup>198</sup> Ibid.

economy.<sup>199</sup> In KLØKT, in contrast to SIMEN, the repercussions of an *international* agreement were included and the year of reference was 2025. SIMEN only investigated *national* instruments and the year of reference was 2000.

In autumn 1990, the Planning Department provided a review of ongoing long-term economic calculations. The calculations were to be finished by the end of November that year. The final report from the KLØKT project was expected to be submitted to the Interministerial Climate Group by February 1991. "A line of reference is planned showing the emissions of climate gasses in a state of balanced economic growth until 2025 without further environmental steps. This line is based on new calculations for oil from the Ministry of Petroleum and Energy and calculations for NB91 (national budget: my comment). Preliminary results show that environmental goals which have already been decided on will not be achieved without further steps. The calculations of the Environmental Tax Committee will be based on KLØKT calculations..."<sup>200</sup> With a common line of reference for the Environmental Tax Committee, the Interministerial Climate Group and the revised Long-Term Programme "difficulties will be avoided in terms of what the Government uses as basis for its long-term policy, including environmental politics," writes Nicolaisen from the Planning Department: he also claims the common line of reference should be identical to the KLØKT calculations mentioned above.<sup>201</sup> In this way, the Environmental Tax Committee acquired a line of reference established due to international climate agreement considerations.

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<sup>199</sup> SSB 1992 p. i, Forord av Svein Longva.

<sup>200</sup> PA, tidsrom 1990-1993, arkivboks nr. 14, arkivmappe 102.40 Generelt, notat fra PUA 20.09.1990.

<sup>201</sup> Ibid.

Norway was already obliged to reduce emissions released into the air by several international environmental agreements, including the NO<sub>x</sub>-agreement, the SO<sub>2</sub>-agreement and the Montreal agreement.<sup>202</sup> The way these agreements were developed built on a equal reduction in percent in all countries bound by the agreements. Norway came to acknowledge that this form of agreement should be replaced by "second-generation agreements", meaning reductions where emissions do most damage.<sup>203</sup> From the second half of 1991, Norway achieved a clear position in international climate politics.<sup>204</sup>

### 3.8.1 Starting line for a system of tradable quotas

The Ministry of Finance decided during summer 1991 to finance a study of tradable quota permits. The study was organized by the United Nations Conference on Trade and Development (UNCTAD).<sup>205</sup> Prior to the study, representatives of the Ministry of Finance expressed what should be emphasized in the contents of the study.<sup>206</sup> This implies that the UN organization UNCTAD had also implemented an initiative to develop joint implementation as a solution within the framework of an international climate agreement. The Ministry of Finance provided explicit input for the study. Norway wanted the study to focus on a solution involving a separation in on one hand the market for quotas, and on the other hand the control of obligations. In addition, the representatives of the ministry believed

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<sup>202</sup> AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988.

<sup>203</sup> Nilsen 2001 p. 136.

<sup>204</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/8455-1, telefax fra Hanisch 25.11.1991.

<sup>205</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat i FA 23.07.1991.

<sup>206</sup> Ibid.



it was important to look at the actual process of developing a system for tradable quotas. Professor Michael Hoel was to provide an expert eye for the study and the Director of ECON, Kjell Roland, was mentioned as the potential editor of one of the chapters.<sup>207</sup> At this point in time, Hoel was member of the Environmental Tax Committee and was a researcher into international CO<sub>2</sub>-quota systems. It is possible that his contribution within the Environmental Tax Committee had led to the Ministry of Finance, at some time during 1991, looking into the possibility of using tradable quotas as part of the solution to global climate challenges.

In the final report from the Interministerial Climate Group submitted in March 1991, thoughts already seem to be dawning of a system involving trading quotas. In the report, one of the number of main conclusions consisted of a preliminary and vague formulation of joint implementation. The report states that countries or regions jointly could fulfill the necessary goal of emission reductions.<sup>208</sup> In the material surveyed by this thesis, this is the first time a joint implementation has appeared. One of the most profound investigations by the Climate Group was the KLØKT project. And in a later revised report from the KLØKT project, the possibility of joint implementation is repeated, with less vague wording.<sup>209</sup>

### **3.8.2 The Norwegian view**

Within the Ministry of Finance, there was a desire to contribute to the formation of Norway's view in international climate politics. The ministry emphasized its role in the

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<sup>207</sup> Ibid.

<sup>208</sup> Miljøverndepartementet 1991 p. 10.

<sup>209</sup> SSB 1992 p. 6.

international work concerning a climate agreement already in March 1990.<sup>210</sup> It is obvious that the Economic Policy Department and the Planning Department wanted to be included in this work. They expressed their opinion to the Secretary General in a letter that went via Thorvald Moe: “Since efforts against climate gases may have considerable macroeconomic repercussions, the Ministry of Finance should also participate actively in developing the Norwegian point of view for the negotiations”.<sup>211</sup> In the letter, which provides an overview of the ministry’s work in the Interministerial Climate Group, the two departments asked that the ministry should play an active part in establishing “Norway’s view”.

Other ministries also wanted to be involved in developing Norway’s view and position in the climate negotiations. The Ministry of Petroleum and Energy was well aware of the challenging situation the Norwegian petroleum sector was facing in terms of the regulation on CO<sub>2</sub>-emissions either nationally or internationally. The Ministry of Petroleum and Energy expressed its concerns and suggested solution to the Ministry of Finance thus: “Because of the strong growth in CO<sub>2</sub>-emissions, an international agreement founded on a harmonization (of regulations: my comment) would indeed be preferable instead of national stabilization programmes. It will then be possible for Norway, at a considerable growth rate, to increase our emissions in line with our superior national comparative advantages”.<sup>212</sup>

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<sup>210</sup> PA, tidsrom 1990-1993, arkivboks nr. 2, arkivmappe 012.74 Klimautvalget, notat fra ØA og PA til finansråden 09.03.1990.

<sup>211</sup> PA, tidsrom 1990-1993, arkivboks nr. 2, arkivmappe 012.74 Klimautvalget, notat fra ØA og PA til finansråden 09.03.1990.

<sup>212</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, telefax fra Oed til Fd 17.10.1991.

Ted Hanisch, Director of CICERO, joined the Norwegian negotiating delegation to the Climate Convention in Rio de Janeiro in late autumn 1990. Archival records show that Hanisch was active in his work to garner support for the Norwegian proposal prior to the Rio Conventions. In Nilsen's thesis of the development of "Norway's view", Hanisch plays a key role in the international negotiations concerning the climate convention. In the data I have reviewed, it seems that Hanisch was the relationship builder who implemented policy. With his scientific background, he could be an expert in the process of the negotiations prior to the signing of the Climate Convention. Hanisch's name appears in relation to approval of travel expenses in June 1991 in relation to the negotiation rounds prior to the Climate Convention and in the finishing line to Rio where he seeks to gain support for Norway's view in developing countries.<sup>213</sup> The travelling he did was in line with the Ministry of the Environment, but it was the Ministry of Finance that paid his expenses. The basic pillars of the Norwegian proposal were based on achieving a breakthrough for cost-effective agreements; an agreement including all climate gases *and* joint implementation.<sup>214</sup>

From January to December 1991, there were four rounds of negotiations prior to the Rio Conventions. In the third round of negotiation, in Nairobi in September 1991, the Norwegian delegation's emphasis was threefold; first, "taxation and other instruments have to be coordinated with other countries"; second, "the fulfillment of obligations to reduce

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<sup>213</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/7977-1, brev fra Md til Fd ved FA 26.09.1991; FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/84551, brev fra Md til Fd ved Tandberg 26.11.1991.

<sup>214</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat fra FA ved Tandberg til str via Moe, Finansråden, PA, ATA, SØ 20.09.1991; FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/8455-1, telefax fra Hanisch til Thoresen 25.11.1991.

emission must occur in cooperation with different countries and by taking steps against various climate gasses”; third, “ a certain mechanism is suggested, a “clearing house”, to ensure the possibility of such cooperation”.<sup>215</sup> This is obvious from a status report sent to the Minister of Finance, Sigbjørn Johnsen. The Norwegian delegation experienced optimism and support for their proposal in the negotiations. An enthusiastic representative of the Ministry of Finance sent the report “home”.<sup>216</sup> The report is optimistic on Norway’s behalf in relation to the ”most important substance in the Norwegian suggestions”.<sup>217</sup> This pertains to the possibility that joint implementation may become part of the agreement.

The most important aspect to the Norwegian proposal concerning the Convention on Climate Change was the establishment of a “clearing house”.<sup>218</sup> During negotiations, CICERO’s Director, Ted Hanisch, together with the Ministry of Foreign Affairs, worked actively to garner support for the Norwegian proposal.<sup>219</sup> If the proposal were supported, Norway could buy quotas abroad instead of investing in national reductions of emissions to

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<sup>215</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat fra FA til str via Finansråden, PA, ATA, SØ 20.09.1991.

<sup>216</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat fra FA til str via Finansråden, PA, ATA, SØ 20.09.1991.

<sup>217</sup> Ibid.

<sup>218</sup> Ibid.

<sup>219</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/8455-1, telefax fra Hanisch til Thoresen 25.11.1991; FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/8455-1, brev fra Fd til Md 27.11.1991; FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, brev fra Hanisch til Md 22.10.1991; FA, Rad 2, seksjon 4, Kap. 100-199 UD (Utenriksdepartementet) 1990-1997, arkivboks nr. 10 KAP 106 UD - Deltagelse i internasjonale organisasjoner 1990-93, brev fra Ud til Fd 06.11.1991.

solve the politically locked situation vis-à-vis national stabilization goals. The Economic Policy Department wrote: "...as of today it does not seem unreasonable to assume that the most important substance in the Norwegian suggestions is to be reflected in the convention. This will imply in part that Norway will have the freedom to fulfill its goal of stabilization by virtue of investments abroad rather than action nationally to reduce emissions".<sup>220</sup> This shows that the Ministry of Finance participated actively in the development of Norway's view in the international climate negotiations. It was now official Norwegian policy that joint implementation by virtue of a "clearing house" was Norway's position.

Ted Hanisch had discussions with the World Bank about a "clearing house" in November 1991, Hanisch reported home.<sup>221</sup> It is especially the work on financial mechanisms and ways of effects for a clearing-house that was the focus of the conversations. A summary from the meeting was sent to the Ministry of Finance. In November, CICERO and Ted Hanisch published a policy note on joint implementation of commitments to curb climate change.<sup>222</sup> In December, a seminar was held by CICERO concerning the notion of the clearing house on behalf of the Interministerial Climate Group and the Ministry of the Environment.<sup>223</sup> The seminar was part of Norway's strategy to garner support for its view joint implementation. Hanisch describes the seminar thus: "the aim of the seminar is to lay

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<sup>220</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat fra FA til str via Moe, Finansråden, PA, ATA, SØ 20.09.1991.

<sup>221</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/8455-1, telefax fra Hanisch 25.11.1991.

<sup>222</sup> Hanisch 1991.

<sup>223</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, saksnr. 91/8455-1, brev fra Fd til Md 27.11.1991

open and discuss broadly, to a certain extent, the Norwegian suggestion of a “clearing house” as part of the financial mechanism of the Climate Convention”.<sup>224</sup> CICERO and Hanisch played a key role as mediators of Norway’s view in the international negotiations and in establishing relational bonds with potential supporters. CICERO had no projects directly with the Interministerial Climate Group, but through Hanisch’s engagement, CICERO was closely associated with the development of Norwegian climate politics in this time period.<sup>225</sup>

The optimism that maybe read in the report from Nairobi in the third round of negotiation took a dramatic turn in the fifth round in New York in February 1992. Closing in on the UNCED in Rio where the climate convention are to be signed, the Norwegian delegation found that the support for their suggestion was fading.<sup>226</sup> Halfway through the ten-day long negotiation meeting, Norway was met with resistance to its desire for a common goal for OECD countries and the important suggestion (for Norway) of joint implementation. The Norwegian UN delegation commented on the mood of the negotiations as follows: ”As far as the Norwegian side is concerned, we must state that there is a negative development regarding our negotiations...” They continued: “...the suggestion concerning joint implementation does not seem to have any wind in its sails. India that had previously

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<sup>224</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, brev fra Hanisch til Md 22.10.1991.

<sup>225</sup> Miljøverndepartementet 1991 p. 25-29.

<sup>226</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, telefax fra FN-delegasjonen til Ud 24.02.1992.

lent support, believes the suggestion has become bilateral since Germany launched its version of joint implementation at the last meeting”.<sup>227</sup>

In developing Norway’s view of international climate politics, the climate convention and signing the convention in Rio had always been what the ministry was working towards , and the same applied to Ted Hanisch and the work of the Interministerial Climate Group. Now the strategy had to be dropped once more. The next milestone in an international context was the Kyoto agreement in 1997. Joint implementation was to become a part of that agreement through the Clean Development Mechanism. Closing in on the UNCED, the Norwegian delegation notes their proposal are losing support.<sup>228</sup> In Rio de Janeiro, the climate convention was to be signed in June 1992.

### 3.9 Brief account of Part II

In this section, we have seen the emerging interest and focus on climate issues within the international community. When the UN decided to organize the UNCED in Rio in 1992, the conference became a point of reference, something to work towards, in terms of the international efforts towards formulating a climate agreement. The initiative of the Norwegian Interministerial Climate Group did provide a foundation for national climate politics. There was a latent controversy that never broke the surface; rather it was handled within the ministry. The period is characterized by uncertainty in strategic choices in environmental politics. The formulation of the CO<sub>2</sub>-taxes shows an inconsistency between

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<sup>227</sup> Ibid.

<sup>228</sup> FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, telefax fra FN-delegasjonen til Ud 24.02.1992.

theoretical economic reasoning and the way in which these taxes were formulated, and at the WCC-II there were clearly differing opinions within the ministries regarding the role Norway should play at the conference. From the second half of 1990, Norway focused on the repercussions of an international climate agreement and positioned its proposal to ensure future national wealth. The solution which emerged was the proposal to establish the financial mechanism of a clearing house in order to implement “joint implementation”. To a certain extent, Reitan writes of the levels in climate politics: she claims that, in climate politics, the question of using instruments was moved up to the global level in the period 1989-1996.<sup>229</sup> But instead, was it in fact the case that important aspects in Norwegian national environmental politics were simply moved up to an international level? I would say, based on my findings in the material, that this was not so. Environmental taxes did not find a place in the international political arena as they had in the national arena in Norway prior to 1990. And the international was not obvious in 1989, but rather later, from 1991. My analysis shows that the question of environmental taxes became less important. Moreover, it was the international that gained room in the national. There was a waiting and expectant attitude vis-à-vis the upcoming international climate agreement. In relation to this it was not the economical instruments that were discussed. The positioning that occurred in order for Norway to have the best out of an agreement became the overall focus at the beginning of the 1990s. The national concern became international.

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<sup>229</sup> Reitan 1998.



## 4. Conclusion

How do we organize our complex society, structures of societal life and institutions? By understanding how practices of politics emerge and establish new politics of administration, I hope I have contributed to the field of studying politics in the making, politics that is not just politics, but science, society and technology in an intertwined and evolving mix.

Within the Ministry of Finance, economic growth and environmental protection were constructed to be a clash of interests. To solve this, economists focused on the repercussions on national economic wealth in a case of an international agreement. As I have shown in the last part of the analysis, this was in a way “solved” by the production of a new level within environmental politics. It has not been my intention to unmask the Ministry of Finance as a calculating and technocratic ministry. Rather, I have tried to understand what contributes to making politics. It is with this ambition I have approached the ministry and the economists’ role in environmental politics.

As to the theoretical resources I have drawn on, I found controversy studies helpful in understanding how the latent controversy in this story did not become an open controversy. This thesis shows that controversies that are not open are also part of the formation of politics and society and therefore they need to be studied and can be studied with the same theoretical resources as situations which are inherently controversial. Controversy studies were one of two main theoretical resources that have been applied in this thesis. The other theoretical resource was the processes of opening and closure. The latter has been widely used in studies of technology. It is with the knowledge of and theoretical basis in these resources I have attempted to study a process of politics in the making. In the material, there was no definite period in time when the debate concerning environmental taxes closed: there

is a rather sliding transition towards the international. The process of politics in this story can be viewed as an example of studying political practice closely by following the practitioners of politics. The national level of environmental politics became unpredictable while a process of closure took place. The solution in environmental politics was to focus on the financial mechanism of a clearing house within what was termed joint implementation.

Although economists, politics and the process involved are the objects of this study, nature is a part of it as well. My intention was not to study nature per se, or even climate gases threatening the world as we know it with global warming, but rather the specific work practices that translate entities of nature and make them governable. CO<sub>2</sub> is made governable through this process. It became measurable, quantified and tradable. In this sense, nature is not the starting point but rather the endpoint of scientific, societal and political interventions.

How does this case provide insight? By being a real example of politics in the making supported by accessible documentation. The archives at the Ministry of Finance have not been used in earlier works in the field in this time period. In addition to approaching the task within an STS perspective, trying to open up the inner workings of politics it has also provided new knowledge. New knowledge about the process of handling, or rather avoiding, a latent controversy has been gained, and the important role of economists and the Ministry of Finance has in developing environmental politics been confirmed.

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### *Departments in the Ministry of Finance that occur in this paper*

PA, PU or PUA: the Planning Department (no; Planleggingsavdelingen). The Planning department changed name to the Plan- and investigation department (PU) in March 1990, later the department was closed down in 1997/98.

ØA: Economic Policy Department (no; Økonomiavdelingen).

SØ: Tax Policy Group (no; Skatteøkonomisk gruppe). This was a group organized within the Economic Policy Department that later was established as a department within the ministry.

FA: Budget Department (no; Finansavdelingen).

AT or ATA: Department of indirect taxation and customs (no; Avgifts- og tollavdelingen)

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Personal record of Norwegian Governments since year 1814:

[http://www.regjeringen.no/nb/om\\_regjeringen/tidligere/oversikt/del-iii---alfabetisk-personregister/b.html?id=410100](http://www.regjeringen.no/nb/om_regjeringen/tidligere/oversikt/del-iii---alfabetisk-personregister/b.html?id=410100)

Titles and departments: terms used in public administration in Norway:

<http://www.regjeringen.no/nb/dep/ud/dok/veiledninger/2004/betegnelser.html?id=88069#eng>

Ministries and secretariat that are closed down from 1945-:

[http://www.regjeringen.no/nb/om\\_regjeringen/tidligere/oversikt/departementer\\_embeter/regjeringsssek\\_dep/nedlagte-departementer-og-sekretariater-.html?id=426142](http://www.regjeringen.no/nb/om_regjeringen/tidligere/oversikt/departementer_embeter/regjeringsssek_dep/nedlagte-departementer-og-sekretariater-.html?id=426142)

*Oral sources:*

Moe, Thorvald: Deputy Secretary General, the Ministry of Finance.

Finsås, Frode: Deputy Director General, Head of Seksjon for avgift og toll (SAT), the Ministry of Finance.

Sætersdal, Olaf: Secretary General, the Ministry of the Environment.

*Correspondence:*

Correspondence by e-mail with the following institutions: SSB, ECON, CICERO, the Ministry of Transport and Communications, the Ministry of Agriculture and Food, the Ministry of Trade and Industry, the Ministry of Petroleum and Energy, the Ministry of the Environment, the library at SSB and in the Ministry of the Environment, and Norwegian Directorate for Customs and Excise.

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## Appendix 1: List of abbreviations

CICERO	Centre for International Climate and Environmental Research - Oslo
CO <sub>2</sub>	Carbon dioxide
ECON	ECON is not an abbreviation, moreover a name that reflects the nature of the   companies services
EU	European Union
FNI	Fridtjof Nansen Institute
KLØKT	Klima, Økonomi og Tiltak, i.e. Climate, Economy and Initiatives
NOU	Norges Offentlige Utredninger, i-e. Norway's Official Investigations
NO <sub>x</sub>	Nitrogen oxide
OECD	Organization for Economic Co-operation and Development
PPP	Polluter-Pays-Principle
SIMEN	Studier av Industri, Miljø og Energi, i.e. Studies of Industry, Environment and Energy
SSB	Central Bureau of Statistics, changed name in 1993 to Statistics Norway
SO <sub>2</sub>	Sulphur dioxide
STS	Science and Technology Studies
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNEP	United Nations Environmental Programme
UNFCCC	United Nations Framework Convention on Climate Change
WCED	World Commission on Environment and Development



## Appendix 2: List of abbreviations in the archival references

In the archival references I have indicated department in all references. Due to different styles of reference practice the references are built up differently in each department. All my references to the archives in the Ministry of Finance are written in Norwegian to be as accurate as possible according to the archive and archival document I am referring to. All documents are in Norwegian.

Fd: the Ministry of Finance

Fid: the Ministry of Fisheries

Ld: the Ministry of Agriculture

Md: the Ministry of the Environment

Nd: the Ministry of Industry

Oed: the Ministry of Petroleum and Energy

Sfd: the Ministry of Transport and Communications

SMK: the Prime Minister's Office

Ud: the Ministry of Foreign Affairs

Abbreviations used in references are following the official manual for abbreviations. Please see: [http://www.regjeringen.no/nb/om\\_regjeringen/tidligere/oversikt/del-iii---alfabetisk-personregister/forkortelser.html?id=418301](http://www.regjeringen.no/nb/om_regjeringen/tidligere/oversikt/del-iii---alfabetisk-personregister/forkortelser.html?id=418301). All abbreviations in references are written in Norwegian.

stsekr: State Secretary (no.: statssekretær)

str: Minister of Finance (no.: statsråd)

## Appendix 3: List of quotes

The many quotes in the thesis are to be found in the original documents in the archives of the Ministry of Finance. Below is a list with all quotes in the empirical data in original language; Norwegian and the translation that corresponds to the original text. The list shows chapter, note no., archival reference, and original quotes in Norwegian and translation in English.

Footnote 64, p. 26	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, brev fra PA til stsekr 2.12.88
Norwegian	”... med sikte på å belyse om/i hvilken grad det teknisk og faglig ligger til rette for å ta i bruk miljøavgifter...”
English	“aiming to shed light on and to what degree it is technically and professionally acceptable to use environmental taxes”
Footnote 77, p. 30	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat fra Budsjettsseksjonen i AT til arbeidsgruppen / 03.01.89.
Norwegian	”...høye avgifter som pålegges ut fra miljøhensyn, og som har innvirkning på tilpasningen i flere næringsgrener, (vil) kunne få konsekvenser i form av generelt redusert økonomisk vekst som følge av lavere økonomisk aktivitet i samfunnet, økt prisstigning og svekket konkurranseevne ovenfor utlandet”
English	“...high taxes introduced because of the environment, and which at the same time have an effect on several branches of industry, will have repercussions such as reduced economic growth in general as a result of low economic activity in society, price increases and a diminished ability to compete in international markets”
Footnote 79, p. 30	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat fra Budsjettsseksjonen i AT til arbeidsgruppen 03.01.89
Norwegian	”...avgifter som virkemiddel til å styre energiforbruket synes å være mest effektivt ovenfor husholdningene”
English	“...taxes as an instrument to manage energy consumption seem to be most effective in the case of households”
Footnote 84, p. 32	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988

Norwegian	”Selve ordlyden av en internasjonal avtale om CO <sub>2</sub> eller energiforbruk kan imidlertid få stor betydning...”
English	”The exact wording of an international agreement on CO <sub>2</sub> or energy consumption may be of great importance...”
Footnote 85, p. 32	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988
Norwegian	”... <u>en CO<sub>2</sub> avtale som knyttes opp til utslipp pr. innbygger</u> er gunstigere for Norge enn en lik %-vis reduksjon i alle land”
English	”... <u>a CO<sub>2</sub> agreement that can be bound to emissions per capita</u> would benefit Norway, rather than equal percentage reductions in all countries”
Footnote 88, p. 33	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, notat 13.12.1988
Norwegian	”Oppvarming av husholdninger kan relativt enkelt erstattes med elektrisitet”, og han fortsetter: ”...utslippene knyttet til transportmidler kan være svært vanskelig å påvirke på grunn av høye inntektselastisiteter og lave priselastisiteter”
English	”Heating households with oil can relatively easily be replaced with electricity”; and he continues: ”...emissions stemming from transportation can be difficult to influence due to high income elasticity and low price elasticity”
Footnote 92, p. 35	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989
Norwegian	”avgifter som tilsiktet eller utilsiktet virker som en handelshindring kan skape reaksjoner og protester fra våre handelspartnere”
English	”...taxes that deliberately or unintendedly affect trade may cause reactions and protests from our trading partners”
Footnote 93, p. 35	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989
Norwegian	”Det er vanskelig å komme utenom at de aktuelle avgiftsendringene vil slå ut i økt pris på diesel. Dette vil spesielt ramme transportsektoren og transportintensivt konkurranseutsatt næringsliv i distriktene, som for eksempel oppdrettsnæringen eller møbel industrien. I den grad det oppstår

	konkurransesvridninger mellom Norge og andre land, kan dette få betydelige utslag på konkurranseevnen ovenfor utlandet”
English	“It is difficult to see that the tax changes at hand will not lead to a higher price on diesel. This will be particularly noticeable in the transport sector and in transportation-intensive, competition-sensitive industry in rural areas, for example in fish farming and in the furniture industry. In a case of distortion of competition between Norway and other countries, this will considerably affect the ability to compete in international markets”
Footnote 96, p. 36	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989
Norwegian	”konsekvensene vil bli uoversiktlige”
English	“consequences that are difficult to follow up”
Footnote 98, p. 37	AT, arkivboks 574.00 1986-1989, arkivmappe 3519, utkast fra arbeidsgruppen til stsekr, kopi finansråd 3/1-1989
Norwegian	”...i det økonomiske opplegget for langtidsprogrammet ikke er forutsatt vesentlige endringer i prisene på ulike energikilder”
English	”...in the economic draft in the Long-Term Programme substantial changes are not presupposed in the prices of different sources of energy”
Footnote 99, p. 38	PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra Skånland til str Fd 29.12.1988
Norwegian	”...det er en alvorlig inkonsistens i at dersom man lykkes i internasjonale avtaler om bruk av fossile brensler så får dette betydning for etterspørselen av olje og de prisbaner som er skissert. I den produksjonsbegrensning som vil bli resultatet, kan vel neppe vi øke vår oljeproduksjon slik det er forutsatt. En vellykket global ressursdisponering vil derfor radikalt forandre programmets forutsetninger for petroleumsektoren”
English	”...there is a serious inconsistency in the fact that if one succeed in an international agreement on the consumption of fossil fuels it will affect the demand for oil and the path of price movements that is currently drafted. With such a restriction on production, we will not be able to increase our production of oil as it is assumed. A successful global disposal of resources will radically change the assumptions of the programme in the petroleum sector“

Footnote 103, p. 38	PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, telefax fra Moe og Andersen til PA 28.12.1988
Norwegian	”Burde man...,...drøfte mer de målkonflikter en her kan stå ovenfor? Burde man, bl.a i lys av de optimistiske forutsetningene som er benyttet og den usikkerhet man står ovenfor vedrørende den økonomiske utviklingen, være noe forsiktigere?”
English	”Should...,... the conflicting goals that are obvious be additionally discussed? Should one be more careful in light of the optimistic presumptions that are made and the unsure situation in economic development?”
Footnote 105, p. 39	PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30.2 En bærekraftig utvikling og et godt miljø, brev fra Sfd 06.12.1988
Norwegian	”En foreløpig vurdering av utviklingen i energiforbruket av fossile brensler i den makroøkonomiske fremskrivingen tyder på at det er alvorlig inkonsistens mellom næringsutviklingen i de makroøkonomiske beregningene og målene i miljøpolitikken. Mye vil imidlertid avhenge av den eksakte målformuleringen om utviklingen i bruken av energi/fossile brensler”
English	”A preliminary assessment of the macroeconomic extrapolation (fremskrivning; my comment) of the development in the consumption of energy from fossil fuels shows a severe inconsistency between industrial development in the macroeconomic calculations and the goals in environmental politics. A great deal depends on the exact formulation of a goal for the development of use of energy/fossil fuels”
Footnote 106, p. 40	PA 1988-1989, arkivboks nr. 7, arkivmappe 102.30 Langtidsprogrammet 1990-1993 generelt, brev fra Longva til str Fd 02.01.1989
Norwegian	”Miljøpolitikken er et vanskelig punkt,...Er trykningen av R-utkastet på skiftevis bleket og ubleket papir et uttrykk for vaklingen i miljøpolitikken?”
English	”Environmental politics is a tricky issue...Is the printing of the R-draft (Governmental draft; my comment) on alternately bleached and unbleached paper an expression for the tottering in environmental politics?”
Footnote 114, p. 44	AT, arkivnr. 547.00, saksnr. 90/4725-1, internt notat fra FA til Moe 05.04.1990
Norwegian	”Bruk av avgifter for å redusere forbruksveksten er her å anse på en

	kostnadseffektiv måte”
English	”The use of taxation in order to reduce the increase in consumption is to be viewed as cost-efficient”
Footnote 115, p. 44	AT, arkivnr. 547.00, saksnr. 90/4725-1, internt notat fra FA til Moe 05.04.1990
Norwegian	”Hvorvidt de enkelte forslag representerer en kostnadseffektiv virkemiddelbruk er ... høyst uklar”
English	”whether the different proposals represent a cost-efficient use of instruments is...highly unclear”.
Footnote 116, p. 44	AT, arkivnr. 547.00, saksnr. 90/4725-1, internt notat fra FA til Moe 05.04.1990
Norwegian	”FA vil sterkt fraråde en innføring av panteordning for spillolje”
English	”The Budget Department strongly advises against an introduction of a system for a deposit/return of waste oil”
Footnote 118, p. 45	AT, arkivnr. 547.00, saksnr. 90/4725-1, internt notat fra FA til Moe 05.04.1990
Norwegian	”dette er en ren budsjettsak og bør tas opp i den ordinære budsjettbehandlingen”.
English	”...this is clearly a budgetary case and should be considered in relation to the ordinary discussions of the budget”
Footnote 121, p. 46	AT, arkivnr. 547.00, saksnr. 90/4725-2, internt notat fra FA til AT 28.05.1990
Norwegian	”...det foreslåtte kontrollgebyr for fiskeoppdrett vil ha betydning for budsjettets utgiftsside. Det finnes ikke slik kontroll i dag. FA legger til grunn at Md eventuelt må ta dette opp i den ordinære budsjettprosessen”
English	”the suggested tax at hand on the control of fish farming will have an effect on the debit side of the budget. There is currently no such control. The Budget Department would suggest that the Ministry of the Environment may look at this during their regular work on the budget”

Footnote 126, p. 49	AT, arkivnr. 547.00, saksnr. 90/4725-7, internt notat til finansråden via Moe, kopi SØ, FA, PUA, ATA 22.08.1990
Norwegian	”Utredningen vil reise omfattende og vanskelige spørsmål. Selv om utredningen skal ha et langsiktig og prinsipielt perspektiv, er det vanskelig å unngå spørsmål som griper inn i utformingen av den løpende økonomiske politikken. Det kan bli vanskelig å håndtere dette i utvalget...”
English	“The investigation will raise comprehensive and difficult questions. While the Environmental Tax Committee is supposed to have a long-term and principle perspective, it will be difficult to avoid questions that relates to the day-to-day economical politics. It can become challenging to handle these in the Committee”
Footnote 139, p. 55	Rom 30, Rad PA-arkiv, tidsrom 1990-1993, arkivboks nr. 2, arkivmappe 012.74 Klimautvalget, notat fra ØA og PA til finansråden via Moe 09.03.1990.
Norwegian	“...2025 i tråd med IPCC”
English	”...2025, in line with the IPCC”
Footnote 155, p. 59	PA, tidsrom 1990-1993, arkivboks nr. 2, arkivmappe 012.74 Klimautvalget, notat fra FA til str via Moe og stsekr Øygard, kopi PUA, ØA, SØ, ATA dato 13.03.1991
Norwegian	“...tungdrevet prosess”
English	“slow and heavy process”
Footnote 169, p. 62	AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990
Norwegian	”Fossile brensler omfatter som kjent mange produkter (ulike oljetyper, kull, koks, gass) som medfører ulike typer utslipp (CO <sub>2</sub> , SO <sub>2</sub> , NO <sub>x</sub> , Pb, VOC, og partikler). De ulike utslippene bidrar til forskjellige miljøproblemer. Forbrukerne er mange og uensartede. Disse forhold taler for at avgiftspolitikken er et godt egnet virkemiddel for å redusere disse utslippene på en kostnadseffektiv måte”.
English	”Fossil fuels include, as we know, many products (different types of oil, coal, coke, gas) that contribute to different types of emissions (CO <sub>2</sub> , SO <sub>2</sub> , NO <sub>x</sub> , Pb and particles). The various emissions contribute to different environmental

	challenges. Consumers are numerous and heterogeneous. These circumstances seem to favour using tax policy as an instrument to reduce these emissions in a cost-effective way”
Footnote 170, p. 63	AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990
Norwegian	”...For CO <sub>2</sub> har utslippssted ikke betydning for miljøskade.....utslippene bør reduseres mest der de gir opphav til størst skade”
English	”...The location of CO <sub>2</sub> -emissions is of no importance...the emissions should be reduced where they originate and do the most damage”
Footnote 172, p. 63	AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990
Norwegian	”I stedet for å avgiftsblegge utslippene, har en lagt opp til å avgiftsbelegge de enkelte fossile brenslene for 1991”
English	“Instead of a tax on the emissions, it is a tax on the individual fossil fuels for 1991”
Footnote 173, p. 64	AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990
Norwegian	”Dette betyr at CO <sub>2</sub> utslippene i Norge må reduseres fra stasjonær, direkte bruk av fossile brenslere og transportsektoren. Liten substitusjonsmulighet på kort sikt i transportsektoren”
English	”CO <sub>2</sub> -emissions in Norway have to come from fixed, direct use of fossil fuels or the transport sector. In a short-term perspective there is just a small possibility for substitute products in the transport sector”
Footnote 174, p. 64	AT, arkivnr. 547.00, saksnr. 90/4725-8, manus foredrag Moe 29.08.1990
Norwegian	“Andre land kan oppnå betydelige reduksjoner i utslippene fra kullfyrte og oljefyret kraftverk til gassfyrte kraftverk”
English	”...Other countries can achieve considerable reductions in the emissions from coal- or oil power plants by transferring to gas power plants”



Footnote 178, p. 65	AT, arkivnr. 547.00, saksnr. 90/4725-6, brev fra Md til Fd 03.07.1990
Norwegian	”Md ønsker å utvide svovelavgiften til å omfatte koks og kull også. Md prioriterer dette <u>forslaget fremfor en CO<sub>2</sub> begrunnet avgift på kull og koks</u> ”
English	“The Ministry of the Environment wishes to extend the SO <sub>2</sub> tax and include coal and coke. The Ministry of the Environment would prioritize this suggestion over a <u>CO<sub>2</sub> tax on coal and coke</u> .”
Footnote 182, p. 66	PA 1988-1989, arkivboks nr. 11, arkivmappe 102.7 Gjennomføring av langtidsprogrammet, brev fra Ud til Fd 15.08.1989
Norwegian	”...gass som blensel er et miljøvennlig alternativ til andre fossile brensler som kull og olje. Dette kan gjøre norsk gass til et interessant energialternativ til Europa i de kommende årene fremover”
English	”...gas as a source of energy is an environmentally friendly alternative unlike other fossil fuels such as coal and oil. This can make Norwegian gas interesting as an alternative energy source in Europe in the future”
Footnote 189, p. 69	PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra PA, Fd til Md 23.10.1990
Norwegian	”Vil man ikke kunne oppnå mer ved å sterkere understreke/søke å få oppslutning om hva industrilandene i alle fall bør gjøre i de nærmeste år?”, og han fortsetter ” Hovedhensikten vil være å unngå en fastlåst diskusjon om langsiktige mål og å få USA (og andre nølere feks Storbritanina) til å gjøre mer enn de hittil har vært villige til å gjøre”
English	”Would it be possible to achieve more by more strongly emphasizing/trying to gain support for what the industrial countries at the least should do in the years to come?”. He continues: ”The main aim would be to avoid a sticky discussion about long-term goals and to make the USA (and other laggards such as Great Britain) do more than they have wanted to do so far”
Footnote 190, p. 69	PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra PA, Fd til Md 23.10.1990
Norwegian	”...føre-var-prinsippet og ...kostnadseffektive avtaler og virkemidler”
English	“The precautionary principle and cost effective agreements and instruments”

Footnote 191, p. 70	PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra PA, Fd til Md 23.10.1990
Norwegian	<ul style="list-style-type: none"> <li>- Utslippsmålsettingene må fastsettes på tvers av landegrensene</li> <li>- Avtalen må omfatte alle drivhusgasser, ikke bare CO<sub>2</sub></li> <li>- Avtalen bør ha bred tilslutning, deriblant fra alle de store industrilandene.</li> </ul>
English	First, "...limiting emissions must be set independent of borders"; second, "...the agreement must include all climate gasses, not just CO <sub>2</sub> "; third, "...the agreement should enjoy broad approval from all major industrial countries"
Footnote 193, p. 70	PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra PA, Fd til Md 23.10.1990
Norwegian	"Miljøverndepartementet går inn for at Norge ikke skal gå mot et eventuelt forslag om at det igangsettes arbeid med et program for 20% reduksjon av industrilandenenes samlede utslipp av drivhusgasser. Etter Finansdepartementets syn bør Norge i stedet foreslå en <u>utredning</u> av eventuelle reduksjoner i denne omgang"
English	"In the opinion of the Ministry of the Environment, Norway shall not oppose any suggestion that implement a programme with the aim of a 20% reduction in the total emissions of climate gases in the industrialized countries. The Ministry of Finance thinks Norway instead should suggest an <u>investigation</u> of possible reductions for now"
Footnote 194, p. 70	PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra PA, Fd til Md 23.10.1990
Norwegian	"Det er ikke naturlig å ta realitetsstandpunkt til eventuelle reduksjonsmål før aktuelle utredninger herunder klimautredningen, er fullført og det foreligger anslag for kostnadene ved forskjellige utslippsmålsettinger. Disse kostnadene vil kunne bli meget betydelige og ha stor innflytelse på økonomisk vekst og samfunnsutvikling i Norge"
English	"it is not possible to take a standpoint vis-à-vis possible reduction goals before the actual investigation, the climate investigation, has been completed and there is a calculation of the costs of different levels of reductions of emissions. These costs may soar and have an enormous influence on economic growth and societal development"

Footnote 195, p. 71	PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra Sfd til Md 27.10.1990
Norwegian	”I den grad Norge skal påta seg ”sekretariatoppgaver” i det internasjonale miljøarbeidet bør dette på forhånd drøfes grundig på det politiske plan her hjemme. Dette har ikke vært tilfelle i denne konkrete saken”
English	”The extent to which Norway is to be responsible for “secretarial tasks” in international environmental work should be discussed in advance at a political level here at home. That has not occurred in this specific case”
Footnote 196, p. 71	PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra Sfd til Md 27.10.1990
Norwegian	”Vi vil også generelt påpeke åpenbare problemer som ligger i at Norge i realiteten har påtatt seg et sekretariatansvar for ministerkonferansen på et område hvor vi har en rekke uavklarte politiske spørsmål nasjonalt. Det er en klar fare for at dette kan legge bindinger på og skape tvil om norske standpunkter til internasjonale klimaforhandlinger”.
English	“We would also like to address the obvious problems that lie in the fact that Norway in reality has assumed a secretarial responsibility for the ministerial conference in an area where numerous national political questions remain unclear. There is a clear danger that this could lead to obligations and create doubt about Norwegian standpoints in the international climate negotiations”
Footnote 198, p. 72	PA, tidsrom 1990-1994, arkivboks nr. 15, arkivmappe 105.54 Miljøvern, brev fra Sfd til Md 27.10.1990
Norwegian	”Samferdselsdepartementet vil be om at det i oversendelsesbrevet presiseres hvem som har utarbeidet det norske dokumentet. Vi vil be om at ordet ”we”, første gang, erstattes med ”The Ministry og Environment on cooperation with the Ministry of Foreign Affairs”
English	”The Ministry of Transport and Communications wants it to be expressed in the letter of recommendation who has formulated the Norwegian document. We would ask that the word “we”, the first time it is mentioned, be altered to ‘The Ministry of Environment in cooperation with the Ministry of Foreign Affairs’”
Footnote 202, p. 74	PA, tidsrom 1990-1993, arkivboks nr. 14, arkivmappe 102.40 Generelt, notat i PUA 20.09.1990

Norwegian	”Det er planlagt en referansebane som viser utslipp av klimagasser ved en balansert økonomisk vekst fram til 2025 uten ytterligere miljøtiltak. Denne banen baserer på nye oljeanslag fra Olje- og Energidepartementet og anslag for NB91. Utslippeberegningene for referansealternativet er under arbeid i SSB. Foreløpige resultater viser imidlertid at allerede vedtatte miljømål ikke nås uten ytterligere tiltak. Beregningene i Miljøavgiftsutvalget vil kunne bygge på KLØKT-beregningene...”
English	”A line of reference is planned showing the emissions of climate gasses in a state of balanced economic growth until 2025 without further environmental steps. This line is based on new calculations for oil from the Ministry of Petroleum and Energy and calculations for NB91 (national budget: my comment). Preliminary results show that environmental goals which have already been decided on will not be achieved without further steps. The calculations of the Environmental Tax Committee will be based on KLØKT calculations...”
Footnote 203, p. 74	PA, tidsrom 1990-1993, arkivboks nr. 14, arkivmappe 102.40 Generelt, notat i PUA 20.09.1990
Norwegian	”Det vil ellers lett kunne oppstå vanskeligheter og misforståelser om hva Regjeringen faktisk legger til grunn i sitt arbeid med langsiktige problemstillinger, herunder miljøpolitikken”
English	”difficulties will be avoided in terms of what the Government uses as basis for its long-term policy, including environmental politics,”
Footnote 213, p. 77	PA, tidsrom 1990-1993, arkivboks nr. 2, arkivmappe 012.74 Klimautvalget, notat fra ØA og PA til finansråden via Moe 09.03.1990
Norwegian	”Siden tiltaka mot utslipp av klimagassar kan ha vestentlege, makroøkonomiske konsekvensar, bør også Finansdepartement vera aktivt med i å utforma dei norske synspunkta til forhandlingane”
English	“Since efforts against climate gases may have considerable macroeconomic repercussions, the Ministry of Finance should also participate actively in developing the Norwegian point of view for the negotiations”
Footnote 214, p. 77	FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, telefax fra Oed til Fd 17.10.1991
Norwegian	”På grunn av den sterke veksten i CO <sub>2</sub> utslippene vil en internasjonal avtale som bygger på harmonisering være langt å foretrekke fremfor nasjonale

	stabiliserings programmer. Det vil gjøre det mulig for Norge i betydelig grad å øke våre utslipp i tråd med våre komparative nasjonale produksjonsfortrinn”
English	”Because of the strong growth in CO <sub>2</sub> -emissions, an international agreement founded on a harmonization (of regulations: my comment) would indeed be preferable instead of national stabilization programmes. It will then be possible for Norway, at a considerable growth rate, to increase our emissions in line with our superior national comparative advantages”
Footnote 217, p. 78	FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat fra FA til str via Moe, Finansråden, PA, ATA, SØ 20.09.1991
Norwegian	<ul style="list-style-type: none"> <li>- ”Avgifter og andre virkenidler skal koordineres mellom land</li> <li>- Oppfyllelse av utslippsforpliktelser må kunne skje i samarbeid mellom forskjellige land og ved tiltak ovenfor forskjellige klimagasser.</li> <li>- Det foreslås etablert en spesiell mekanisme, er ”clearing house” for å legge forholdene til rette for slikt samarbeid.</li> </ul>
English	first, “taxation and other instruments have to be coordinated with other countries”; second, “the fulfillment of obligations to reduce emission must occur in cooperation with different countries and by taking steps against various climate gasses”; third, “ a certain mechanism is suggested, a “clearing house”, to ensure the possibility of such cooperation”
Footnote 219, p. 79	FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat fra til str via Moe, Finansråden, PA, ATA, SØ 20.09.1991
Norwegian	”...den viktigste substansen i de norske forslagene”
English	”most important substance in the Norwegian suggestions”
Footnote 222, p. 80	FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, internt notat fra FA til str via Moe, Finansråden, PA, ATA, SØ 20.09.1991
Norwegian	”...Pr i dag synes det ikke urimelig å anta at den viktigste substansen i de norske forslagene vil kunne bli reflektert i konvensjonen. Dette vil bl. a. innebære at Norge vil ha frihet til å oppfylle sin stabiliseringsmålsetting

	gjennom investeringer i utlandet fremfor tiltak for å redusere innenlandske utslipp”
English	”...as of today it does not seem unreasonable to assume that the most important substance in the Norwegian suggestions is to be reflected in the convention. This will imply in part that Norway will have the freedom to fulfill its goal of stabilization by virtue of investments abroad rather than action nationally to reduce emissions”
Footnote 226, p. 80	FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, brev fra Hanisch til Md 22.10.1991
Norwegian	” Hensikten med seminaret er å legge fram og få diskutert i en viss bredde, det norsk eforslaget om et ”clearing house” som en del av finansieringsmekanismen under Klimakonvensjoen”
English	”the aim of the seminar is to lay open and discuss broadly, to a certain extent, the Norwegian suggestion of a “clearing house” as part of the financial mechanism of the Climate Convention”
Footnote 229, p. 81	Rom 6, FA Rad 4, seksjon 1, Kap. 1400-1499 MD (Miljøverndep) 1990-1997, arkivboks nr. 25 Miljøverndepartementet KAP 1470 Internasjonalt miljøvernssamarbeid, telefax fra FN-delegasjonen til ressursavdelingen i Ud 24.02.1992.
Norwegian	”På Norsk side må vi konstatere en negativ utvikling i forhold til vårt forhandlingsopplegg” og de fortsetter; ”... forslaget om felles gjennomføring synes ikke å seile i medvind. India som hittil har vært den største støtten, synes forslaget er blitt mer bilateralt etter at Tyskland lanserte sin versjon av felles gjennomføring på forrige møte”
English	”As far as the Norwegian side is concerned, we must state that there is a negative development regarding our negotiations...” They continued: “...the suggestion concerning joint implementation does not seem to have any wind in its sails. India that had previously lent support, believes the suggestion has become bilateral since Germany launched its version of joint implementation at the last meeting”